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Attorneys for Plaintiffs
TELA Bio, Inc, Antony Koblisch,
and Maarten Persenaire

**UNITED STATES DISTRICT COURT
 FOR THE DISTRICT OF NEW JERSEY**

TELA BIO, INC., a Delaware
 corporation, ANTONY KOBLISH, an
 Individual, MAARTEN PERSENAIRE,
 an Individual,

Plaintiffs,

vs.

FEDERAL INSURANCE COMPANY,
 an Indiana corporation,

Defendant.

:
 :
 :
 : CIVIL ACTION NO.
 :
 : **COMPLAINT FOR**
 : **DECLARATORY JUDGMENT**
 :
 : **[Jury Trial Demanded]**
 :
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Plaintiffs TELA Bio, Inc. (“TELA Bio”) (a Delaware corporation with its principal place of business at 1 Great Valley Parkway, Suite 24, Malvern PA 19355), Antony Koblisch (an individual with a residence address at 1998 Rochambeau Drive, Malvern PA 19355) and Maarten Persenaire (an individual

with a residence address at 270 Country Lane, Phoenixville PA 19460),¹ for their complaint against Defendant Federal Insurance Company (“Federal”), state as follows:

THE PARTIES

1. TELA Bio is a Delaware corporation with its principal place of business located at 1 Great Valley Parkway, Malvern, Pennsylvania, 19355.

2. The Individual Policyholders are both citizens of the state of Pennsylvania.

3. Defendant Federal is, and at all times mentioned herein was, an insurance company and corporation organized and existing under the laws of the State of Indiana with its principal place of business at 15 Mountainview Road, Warren, NJ 07059.

JURISDICTION

4. This Court has jurisdiction over this action under 28 U.S.C. § 1332 (diversity) and 28 U.S.C. §§ 2201 and 2202 (declaratory relief).

5. Complete diversity of citizenship exists between the parties. Plaintiffs are citizens of Pennsylvania. Defendant is a citizen of Indiana.

6. The amount in controversy is in excess of \$75,000, exclusive of

¹ Mr. Koblish and Mr. Persenaire will sometimes be referred to collectively in this Complaint as the “Individual Policyholders.”

interest and costs, in that TELA Bio has incurred more than this in attorneys' fees and costs in defending an underlying action brought against plaintiffs by LifeCell Corp. ("LifeCell") in the Superior Court of New Jersey, Chancery Division: Somerset County, Docket No. SOM-C-12013-15 ("*LifeCell Suit*").

VENUE

7. Venue is proper in this judicial district under 28 U.S.C. § 1391(b), in that a substantial part of the events and omissions giving rise to the claims herein occurred in this District. Federal, a resident of this district, sold the pertinent insurance policy with nationwide coverage to TELA Bio. TELA Bio's defense of the *LifeCell Suit* has been and is taking place in the Superior Court of New Jersey, Chancery Division, Somerset County. Pertinent witnesses and documents are located in New Jersey and the underlying matter will be litigated here. Some of the wrongful conduct the Plaintiffs allegedly committed that is the subject of the *LifeCell Suit* took place in this District. Venue is also proper in this District, under 28 U.S.C. § 1391(c), because Federal maintains its principal place of business here. Federal transacts significant insurance business in the State of New Jersey, and is in the business of selling insurance products throughout the United States, including in New Jersey, for substantial premiums.

THE FEDERAL POLICY

8. Federal sold to TELA Bio CGL Policy No. 3598-32-51 PHL

(01/18/13 – 01/18/14) Form No. 80-02-2058 (Rev. 11-09), the primary Commercial General Liability policy in effect from January 18, 2013 to January 18, 2014 (the “Policy”), a copy of which is attached as **Exhibit “1.”**

9. The pertinent language in the Policy's Commercial General Liability coverage includes:

“Advertising Injury and Personal Injury” Liability Coverage

Personal Injury

Personal Injury [Definition] – **Personal injury** means injury, other than **bodily injury**, **property damage** or **advertising injury**, caused by an offense of:

• • • •

D. electronic, oral, written or other publication of material that:

1. libels or slanders a person or organization (which does not include disparagement of goods, products, property or services); or

[CGL Policy No. 3598-32-51 PHL (01/18/13 – 01/18/14)
Form No. 80-02-2058 (Rev. 11-09)]

THE UNDERLYING *LIFECELL* SUIT

10. On March 11, 2015, LifeCell brought suit against TELA Bio and the Individual Policyholders for various alleged wrongful acts arising out of the commencement of a competing business that addressed hernia repair products. Hernia repair products had previously been disseminated by LifeCell's sales force,

part of whom were recruited by TELA Bio to work with its new business. A copy of the Complaint in the *LifeCell* suit is attached as **Exhibit “2.”**

11. The *LifeCell* suit includes the following allegations:

82. TELA Bio was formed as a corporation under the laws of Delaware on April 17, 2012. (Guzior Decl. Ex. 18.)

...

COUNT III

UNFAIR COMPETITION

New Jersey Common Law and
New Jersey Unfair Competition Act, N.J.S.A. 56:4 *et*
seq.

...

249. TELA Bio has developed and will soon launch its tissue matrix product, which will directly compete with Strattice for hernia repair business.

250. As described above, TELA Bio has affected a scheme to *first*, mass hire former LifeCell technology employees for product development positions and *second*, mass hire LifeCell marketing employees and sales representatives to sell TELA Bio’s competing product.

251. Through that scheme, TELA Bio has hired more than *twenty* former LifeCell employees, including at least thirteen sales representatives, LifeCell’s former Vice President of Sales, and three senior marketing employees.

252. TELA Bio’s scheme violates “fair play” because:

- TELA Bio designed a misleading “strategy” to induce LifeCell sales representatives to

leave LifeCell and breach reasonable non-competition covenants;

- TELA Bio has openly, consciously, and repeatedly ignored a competitor's reasonable restrictive covenants with its employees; and
- The sheer volume of senior former LifeCell employees that TELA Bio poached or recruited evidences malice and an unethical strategy to gain access to LifeCell's proprietary information and appropriate LifeCell's reputation, rather than the mere hiring of available talent.

253. TELA Bio's scheme allows TELA Bio to compete *unfairly* with LifeCell for hernia repair business because:

- Most, if not all, of TELA Bio's sales force consists of former LifeCell representatives that can use their former affiliation with LifeCell—and the reputation and goodwill associated with LifeCell's name and brand—to LifeCell's detriment;
- Due to the sheer volume of former LifeCell employees that TELA Bio has hired, TELA Bio has unfair, bulk access to LifeCell proprietary information and trade secrets; and
- TELA Bio has depleted a portion of LifeCell's sales team *just as it is starting head-to-head competition*.

254. Additionally, TELA Bio's mass poaching and recruitment of LifeCell's former employees is unlawful appropriation of LifeCell's reputation and goodwill under N.J.S.A. 56:4-1.

255. As discussed above, at least one customer that was approached by TELA Bio had the impression that TELA Bio was simply using the credibility of LifeCell employees to sell its product quickly.

256. Additionally, a TELA Bio representative has described TELA Bio's products as "next generation Strattice."

257. LifeCell is reasonably apprehensive that TELA Bio will market its product as “developed by LifeCell scientists” and “sold by your trusted LifeCell reps.” That strategy exploits LifeCell’s reputation and goodwill.

258. While LifeCell encourages and welcomes fair and lawful competition, TELA Bio's conduct transgresses the boundaries of honest and ethical business practices. TELA Bio should not be permitted to launch its products through a competitive shortcut that harms a company that has spent almost 30 years developing its business.

• • • •

COUNT IV

TORTIOUS INTERFERENCE WITH CONTRACT AND PROSPECTIVE ECONOMIC ADVANTAGE

New Jersey Common Law

• • •

265. TELA Bio has pirated thirteen of LifeCell's former sales representatives, eleven of whom are an open breach of non-competition covenants.

266. LifeCell has established economic relationship with each of the thirteen pirated employees, and although the employment of each was “at will,” LifeCell reasonably expected that its economic relationship with those employees would continue.

267. TELA Bio has improperly interfered with each of those economic relationships between:

- The sheer volume of sales representatives that TELA Bio poached evidences malice and an intent to inflict harm on LifeCell; and
- TELA Bio induced those employees to leave LifeCell by misleading those employees into believing that TELA Bio had a “strategy” that allowed them to violate their legal obligations to LifeCell.

268. Relatedly, TELA Bio has induced and actually caused eleven of those thirteen former sales representatives to breach reasonable non-competition covenants. [Ex. 2]

TELA BIO’S NOTICE TO FEDERAL OF THE *LIFECELL SUIT* AND FEDERAL’S ANTICIPATED DENIAL OF A DEFENSE

12. TELA Bio provided written notice of the *LifeCell Suit* to its broker, Aon Risk Services Central, Inc. (the “Broker”), on January 22, 2016. Subsequently, on January 27, 2016, TELA Bio provided notice to Federal via facsimile, which transmission enclosed a copy of the underlying claimants’ Complaint and requested that Federal defend TELA Bio in the *LifeCell Suit*. A copy of that letter is attached as **Exhibit “3”**. The letter satisfied the notice provisions of the Policy.

13. Following that notice, on January 29, 2016, Federal acknowledged

receipt of the claim for coverage. Upon information and belief, Federal will deny coverage for the claim, in whole or in part.

LIFECCELL'S COMPLAINT ASSERTS FACTS THAT POTENTIALLY IMPLICATE "PERSONAL INJURY" COVERAGE FOR "LIBEL OR SLANDER" OF LIFECCELL APART FROM ANY DISPARAGEMENT OF ITS PRODUCTS

14. The *LifeCell Suit* alleges harm to reputation by use of the term “reputation and goodwill” in ¶257 as well as alleging that TELA Bio’s “conduct transgresses the boundaries of honest and ethical business practice.” [Ex. 2, ¶¶ 257-258].

15. The Policy does not define “publication,” and LifeCell has asserted implied claims of defamation. TELA Bio’s alleged communications to multiple individuals (including LifeCell customers) fall within the scope of coverage. The LifeCell Complaint alleges that the use of LifeCell’s reputation is not mere speculation and has in fact already occurred:

253. TELA Bio's scheme allows TELA Bio to . . . use their former affiliation with LifeCell - and the reputation and goodwill associated with LifeCell' s name and brand - to LifeCell' s detriment; . . .

255. As discussed above, at least one customer that was approached by TELA Bio had the impression that TELA Bio was simply using the credibility of LifeCell employees to sell its product quickly. . . .

257. LifeCell is reasonably apprehensive that TELA Bio will market its product as “developed by LifeCell scientists” and “sold by your trusted LifeCell reps.” That

strategy exploits LifeCell's reputation and goodwill. [Ex. 2, ¶¶ 253, 255, 257].

16. TELA Bio's alleged statements, including assertions about its rights to insulate former LifeCell employees from retribution for purported breach of non-competition covenants, and describing its products as next generation "Strattice," ostensibly impugn LifeCell's purported status as a state-of-the-art participant in the hernia repair marketplace in which both companies compete. These fact allegations necessarily claim that LifeCell is not state-of-the-art and that the best available technology is no longer available from LifeCell scientists and representatives but only through TELA Bio, which has replaced LifeCell as the market leader. Such inferences are fairly and reasonably deduced from the pertinent fact allegations.

FOUR GROUNDS EXIST THAT IMPLICATE COVERAGE FOR "LIBEL OR SLANDER" OF A COMPETITOR APART FROM ANY DISPARAGEMENT OF ITS PRODUCTS

TELA Bio Allegedly Denigrated LifeCell By Insinuating That It Had A Poor Work Environment And Lacked The Potential For Longevity

(The LifeCell Complaint)

17. The LifeCell Complaint alleges that TELA Bio hatched a "scheme to *first*, mass hire former LifeCell technology employees for product development positions and *second*, mass hire LifeCell marketing employees and sales representatives to sell TELA Bio's competing product" [Ex. 2, ¶ 250], which

included “more than *twenty* former LifeCell employees, including at least thirteen sales representatives, LifeCell’s former Vice President of Sales, and three senior marketing employees.” [Ex. 2, ¶ 251] (emphasis in the original).

18. LifeCell claims that the “sheer volume” of senior former LifeCell employees and sales representatives evidences both “malice and an unethical strategy to ...appropriate LifeCell’s reputation” [Ex. 2, ¶ 252] and “an intent to inflict harm on LifeCell” [Ex. 2, ¶ 267]. Moreover, LifeCell implies that the timing of the migration of employees is suspect as “TELA Bio has depleted a portion of LifeCell’s sales team *just as it is starting head-to-head competition.*” [Ex. 2, ¶ 253] (emphasis in the original).

19. These allegations indicate that both upper level management employees and sales representatives were leaving LifeCell in large numbers in favor of its new competitor, TELA Bio, and that TELA Bio’s scheme was intended to impact LifeCell negatively. With numerous senior-level LifeCell management employees allegedly flocking to TELA Bio and taking the sales representatives with them, it is reasonable to infer that LifeCell is concerned for its longevity and that third parties allegedly will view LifeCell’s working environment as a cause of the transfer of employees. This alleged scheme was intended to harm LifeCell’s reputation and weaken it as a company concurrently with TELA Bio’s emergence as a new company.

(Order Granting Plaintiff's Application for Preliminary Injunction)

20. On April 30, 2015, the Court granted LifeCell's Application for Preliminary Injunctive Relief. The Court found that "the sheer volume of senior former LifeCell employees that TELA Bio poached or recruited evidences malice and an unethical strategy to ... appropriate LifeCell's reputation, rather than the mere hiring of available talent." [Memorandum Opinion Granting Plaintiff's Application for Preliminary Injunctive Relief, Docket No.: SOM-C-12013-15, at p. 55, April 30, 2015].

21. LifeCell appears to contend that ten former knowledgeable LifeCell employees joined TELA Bio because of supposed statements questioning LifeCell's continuing viability. Such alleged statements would have involved negative comparisons between LifeCell and TELA Bio that defamed LifeCell as a "sinking ship."

**(Former LifeCell Executive and Current TELA Bio Executive
Paul Talmo's Deposition)**

22. The deposition testimony of Paul Talmo gives rise to reasonable inferences of libel or slander of LifeCell as a company without disparaging LifeCell's products. The relevant excerpts of Talmo's testimony are attached as **Exhibit "4"**. Talmo testified that numerous current employees of LifeCell who were "actively trying to leave LifeCell" contacted him during his tenure at TELA Bio to request information about the company due to the "toxic atmosphere" at

LifeCell. [Ex. 4, p. 45:25-46:11; 49:2-14, 244:2-245:3]. Talmo further testified that he showed LifeCell employees TELA Bio's progress "[b]ecause they were interested in employment opportunities elsewhere, **given the LifeCell environment**, and this was one of the opportunities." [Ex. 4, p. 135:21-136:1] (emphasis added).

23. Talmo explained that LifeCell changed after Apax bought KCI (LifeCell's parent company), which negatively impacted the working environment at LifeCell causing numerous employees to want to leave LifeCell because "in 2013 there were tons of changes.... it was all about cutting spending, and they were cutting budgets for all the departments, particularly strategic marketing, and **it was just a toxic atmosphere.**" [Ex. 4, p. 244:2-245:3] (emphasis added). Talmo stated that "the **majority of people at LifeCell were extremely unhappy...** you know, we talked about it, and **people were getting laid off and budgets were getting cut**, and we were trying to grow at the same time. So it was very difficult to do both." [Ex. 4, p. 244:2-245:3] (emphasis added).

24. As the Talmo deposition testimony reveals, it is reasonable to infer that TELA Bio employees were made aware of a toxic work atmosphere at LifeCell due to the large number of LifeCell employees contacting Talmo. LifeCell apparently contends that TELA Bio employees made negative statements regarding LifeCell as a business which lowered the esteem of LifeCell in the eyes

of the public. Such inferred statements would have implied that LifeCell employees were leaving the company in droves, were extremely unhappy working for LifeCell, and that LifeCell did not have a stable work environment, especially after Apax purchased KCI. [Ex. 4, p. 244:2-245:3].

25. Extrinsic evidence in the form of deposition testimony and deposition exhibits establish coverage under Federal's policy for libel or slander of a competitor, apart from any disparagement of LifeCell's products.

(Statements Made During TELA Bio's Surgeon's Summit)

26. Additional extrinsic evidence relating to TELA Bio's Surgeon Summit held on August 8, 2014 through August 10, 2014 gives rise to coverage for libel or slander of a competitor apart from disparagement of the competitor's products. In August 2014, TELA Bio invited various surgeons to a conference to introduce them to TELA Bio's new product and to obtain feedback from the attendees. [See attached **Exhibit 5**, which is Deposition Exhibit 45 from the Deposition of Paul Talmo dated December 30, 2015.] One of the topics of discussion in the "Company Vision Presentation" was "Questions about 'LifeCell DNA' (concerns about too much LifeCell)." [Id.] Paul Talmo explained at his deposition that "LifeCell DNA" referred to some of the people at TELA Bio who formerly worked at LifeCell. [Ex. 5, p. 222:12-15].

27. The reasonable inference is that such discussion arose at the August

2014 presentation because the attendees noticed or were aware that multiple former LifeCell employees were now affiliated with TELA Bio, and had concerns regarding same. TELA Bio allegedly championed itself as having a better work environment than LifeCell, and, according to LifeCell, TELA Bio may have stated that the reason LifeCell employees were leaving the company in such great numbers was that TELA Bio was a new, innovative company while LifeCell had difficulties after it was purchased by Apax in 2013, and was no longer a strong company.

Questioning LifeCell's Capacity to Perform Due to the Loss of Employees

28. The Complaint emphasizes the “sheer volume” of former LifeCell employees who were now working for TELA Bio [Ex. 2, ¶¶ 252, 253, 268] and extrinsic evidence from Talmo’s deposition demonstrates that LifeCell was losing employees to TELA Bio in large numbers.

29. Surgeons at the TELA Bio Surgeons’ Summit were “concerned with the LifeCell DNA” that made up TELA Bio and raised the issues of “LifeCell DNA” at the meeting. Statements allegedly made about a mass exodus of employees from one company (LifeCell) to its competitor (TELA Bio) indicated that the first company was a “sinking ship” or was no longer be able to perform as it once did. If large numbers of employees were not willing to stay with the company despite its recent purchase, the public will likely conclude that the sale

was not as beneficial to the health of the company as was expected. This is especially true when sale of the company prompted layoffs due to budget cuts, as Talmo's deposition testimony states. [Ex. 4, pp. 244:2-245:3]

30. The discussion of the large number of former LifeCell employees who now work for TELA Bio at a public meeting with leading surgeons in the industry is apparently part of LifeCell's claim. Such discussion allegedly informed surgeons who may have been unaware of these facts prior to the presentation of the large number of former LifeCell employees now working at TELA Bio. The inference is that TELA Bio ostensibly caused the surgeons to believe that there must have been a reason for large numbers of employees to leave LifeCell for its competitor. Such evidence confirms coverage for defamation under the Policy.

31. The loss of a substantial number of LifeCell employees to TELA Bio, and the public discussion of the loss of employees, creates an insured claim of defamation within the claims asserted against TELA Bio in the *LifeCell Suit*. Such "embedded" claim asserts that the public will believe that LifeCell is no longer able to perform its services in the manner that it previously did, and is no longer a leader in the hernia repair industry. The allegations in the LifeCell Complaint and the extrinsic evidence referred to above demonstrate potential coverage for defamation regarding LifeCell's ability to perform as a company.

Alleged Misstatements Regarding TELA Bio's Intellectual Property Rights

32. LifeCell alleges that it “is reasonably apprehensive that TELA Bio will market its product as ‘developed by LifeCell scientists’ and ‘sold by your trusted LifeCell reps.’ That strategy exploits LifeCell’s reputation and goodwill” [Ex. 2, ¶ 257]. LifeCell further alleges that at least one “TELA Bio representative has described TELA Bio’s products as ‘next generation Strattice.’” [Ex. 2, ¶ 256]. LifeCell also alleges that “[d]ue to the sheer volume of former LifeCell employees that TELA Bio has hired, TELA Bio has unfair, bulk access to LifeCell proprietary information and trade secrets.” [Ex. 2, ¶ 253].

33. LifeCell explicitly or impliedly contends that TELA Bio has misrepresented, or will misrepresent, its intellectual property rights to the detriment of LifeCell’s reputation, by using LifeCell’s trade secrets to develop TELA Bio’s own competing surgical mesh products, and then confusing consumers by marketing the TELA Bio product as the “next generation” of Strattice, LifeCell’s flagship product. LifeCell also explicitly or impliedly contends that TELA Bio has linked, or will link, an allegedly substandard product (TELAMax) with Strattice – a product that LifeCell has spent many years developing and that is well known within the hernia repair industry.

34. TELA Bio’s alleged comparison of its product to LifeCell’s product by (A) stating that TELA Bio is producing the “next generation Strattice,” or (B)

misrepresenting the product's status in the market by confusing customers as to whether or not the product is associated with Strattice, due to the involvement of former LifeCell sales representatives and scientists, creates an express or implied claim for defamation within the *LifeCell Suit*.

Attestations that TELA Bio is Superior to its Competitor LifeCell

35. LifeCell explicitly alleges that TELA Bio is marketing its products as the "next generation Strattice" [Ex. 2, ¶ 256]. This allegation gives rise to the inference that TELA Bio has represented that its product is superior to LifeCell's Strattice, since it is the "next generation." Accordingly, coverage for defamation arises based on TELA Bio's attestations of superiority to LifeCell regarding TELA Bio's alleged assertion that it is producing and selling the "next generation Strattice."

FIRST CLAIM – DECLARATORY RELIEF – DUTY TO DEFEND

36. Plaintiffs repeat the preceding allegations of this Complaint.

37. An actual controversy exists between the parties concerning their respective rights and duties. Namely, TELA Bio contends, and asserts upon information and belief that Federal denies or will deny, that Federal is obligated under the Policy to defend TELA Bio against the claims made in the *LifeCell Suit*. Among other things, TELA Bio contends, and asserts upon information and belief that Federal denies, that the allegations asserted in the *LifeCell Suit* potentially fall

within the coverage provisions for “personal and advertising injury,” including “offense (D) electronic, oral, written or other publication of material that: libels or slanders a person or organization (which does not include disparagement of goods, products, property or services)”.

38. An actual controversy also exists between the parties in that TELA Bio contends, and asserts upon information and belief that Federal denies or will deny, that the Policy obligates Federal to reimburse TELA Bio for all attorneys’ fees and costs incurred in the *LifeCell suit*.

39. Under 28 U.S.C. §§ 2201 and 2202, this Court has the authority to issue a declaratory judgment, and such further relief as it finds appropriate, concerning this controversy.

40. Therefore, it is necessary and proper that this Court adjudicate and declare that:

(a) The Policy obligates Federal to defend TELA Bio in the *LifeCell Suit*, including against underlying claimants’ unfair competition count;

(b) The Policy obligates Federal to reimburse all attorneys’ fees and costs and pay all future attorneys’ fees and costs incurred by TELA Bio in the defense of the *LifeCell Suit*.

PRAYER FOR RELIEF

Wherefore, TELA Bio requests entry of judgment as follows:

1. That the Court issue a binding judicial declaration that:

(a) The Policy obligates Federal to defend TELA Bio in the *LifeCell Suit*, including against underlying claimants' unfair competition count;

(b) The Policy obligates Federal to reimburse all attorneys' fees and costs and pay all future attorneys' fees and costs incurred by TELA Bio in the defense of the *LifeCell Suit*;

2. For attorneys' fees incurred in this action to establish a duty to defend under applicable New Jersey law;

3. For costs of suit in this action; and

4. For such other and further relief as the Court may deem just and proper.

Dated: February 16, 2016

THE KILLIAN FIRM, P.C.
Attorneys for Plaintiffs

/s/ Eugene Killian, Jr.

DEMAND FOR JURY TRIAL

Plaintiffs demand trial by jury with respect to all issues in this action so triable as of right, either in the Complaint as currently constituted or as it may be later amended.

Dated: February 16, 2016

THE KILLIAN FIRM, P.C.
Attorneys for Plaintiffs

/s/ Eugene Killian, Jr.

LOCAL RULE 11.2 CERTIFICATION

EUGENE KILLIAN, JR. certifies as follows:

I am a member of The Killian Firm, P.C., the attorneys for Plaintiffs in this action. To the best of my knowledge, the matter in controversy is not the subject of any other action pending in any Court or of any pending arbitration or administrative proceeding. I note, however, that in this action, plaintiffs seek to enforce insurance coverage for an underlying lawsuit pending in the Superior Court of New Jersey, Chancery Division, Somerset County, captioned *LifeCell Corp. v TELA Bio, Inc., et al.*, Docket No. SOM-C-12013-15.

I declare under penalty of perjury that the foregoing is true and correct.
Executed on February 16, 2016.

/s/ Eugene Killian, Jr.

**Customarq Series
Life Sciences Insurance Program**

Premium Bill

Policy Period JANUARY 18, 2013 TO JANUARY 18, 2014
Effective Date JANUARY 18, 2013
Policy Number 3598-32-51 PHL
Insured TELA BIO, INC.

Name of Company FEDERAL INSURANCE COMPANY
Date Issued FEBRUARY 5, 2013

Portion of total premium attributable for terrorism and statutory standard fire where applicable
is \$ 0.00

PLEASE SEND PAYMENT TO AGENT OR BROKER.

<u>Date Payment Due</u>	<u>Premium</u>
JANUARY 18, 2013	\$ 7,050.00
TOTAL	\$ 7,050.00

WHEN SENDING PAYMENT, PLEASE INDICATE POLICY NUMBER ON YOUR CHECK.

NOTE: PLEASE RETURN THIS BILL WITH PAYMENT AND INCLUDE ANY ADDITIONAL CHANGES.

Producer:
AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Reference Copy

IMPORTANT NOTICE TO POLICYHOLDERS

TERRORISM RISK INSURANCE ACT

This Important Notice is being provided with your policy to further satisfy the disclosure requirements of the Terrorism Risk Insurance Act.

At the time you received the written offer for this policy, we provided you with an Important Notice to Policyholders indicating that the insurance provided in your policy for losses caused by certain acts of terrorism (as defined in the Terrorism Risk Insurance Act) would be partially reimbursed by the United States of America, pursuant to the formula set forth in the Terrorism Risk Insurance Act. In addition, as required by the Terrorism Risk Insurance Act, we:

- indicated that we would make available insurance for such losses in the same manner as we provide insurance for other types of losses;
- specified the premium we would charge, if any, for providing such insurance; and
- except to the extent prohibited by law, gave you the opportunity to reject such insurance and have a terrorism exclusion, sublimit or other limitation included in your policy.

This Important Notice refers back to that Important Notice and provides information about your decision and the manner in which your policy has been subsequently modified.

If:

- You rejected terrorism insurance under the Terrorism Risk Insurance Act, your policy includes the appropriate amendatory endorsement(s).
- You did not reject terrorism insurance under the Terrorism Risk Insurance Act, the premium charged for your policy, including that portion applicable to terrorism insurance under the Terrorism Risk Insurance Act, is shown in your policy. To the extent your policy includes a limitation on terrorism insurance, it has been modified so that such limitation does not apply to terrorism insurance under the Terrorism Risk Insurance Act.

Please carefully review your policy and the Important Notice previously provided to you for further details. Please remember that only the terms of your policy establish the scope of your insurance protection.

Please note that if your policy:

- *provides commercial property insurance in a jurisdiction that has a statutory standard fire policy, the premium we charge for terrorism insurance under the Terrorism Risk Insurance Act, includes an amount attributable to the insurance provided pursuant to that standard fire policy. Rejection of such statutory insurance is legally prohibited.*
- *is a workers compensation policy, rejection of insurance for terrorism is legally prohibited.*

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Reference Copy

IMPORTANT NOTICE TO POLICYHOLDERS

This Important Notice is not your policy. Please read your policy carefully to determine your rights, duties, and what is and what is not covered. Only the provisions of your policy determine the scope of your insurance protection.

**THIS IMPORTANT NOTICE PROVIDES INFORMATION CONCERNING POSSIBLE
IMPACT ON YOUR INSURANCE COVERAGE DUE TO COMPLIANCE WITH
APPLICABLE TRADE SANCTION LAWS.**

PLEASE READ THIS NOTICE CAREFULLY.

Various trade or economic sanctions and other laws or regulations prohibit us from providing insurance in certain circumstances. For example, the United States Treasury Department's Office of Foreign Asset Control (OFAC) administers and enforces economic and trade sanctions and places restrictions on transactions with foreign agents, front organizations, terrorists, terrorists organizations, and narcotic traffickers. OFAC acts pursuant to Executive Orders of the President of the United States and specific legislation, to impose controls on transactions and freeze foreign assets under United States jurisdiction. (To learn more about OFAC, please refer to the United States Treasury's web site at <http://www.treas.gov/ofac>.)

To the extent that you or any other insured, or any person or entity claiming the benefits of this insurance has violated any applicable sanction laws, this insurance will not apply.

We have added a condition or section that applies to the entire policy called Compliance With Applicable Trade Sanctions, which stipulates that your insurance policy does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

Reference Copy

POLICYHOLDER NOTICE

All of the members of the Chubb Group of Insurance companies doing business in the United States (hereinafter "Chubb") distribute their products through licensed insurance brokers and agents ("producers"). Detailed information regarding the types of compensation paid by Chubb to producers on US insurance transactions is available under the Producer Compensation link located at the bottom of the page at www.chubb.com, or by calling 1-866-588-9478. Additional information may be available from your producer.

Thank you for choosing Chubb.

Reference Copy

Customarq Series

IMPORTANT NOTICE TO POLICYHOLDERS

Insurance is provided by the Company designated on the Declarations Page of this policy. The addresses of the Chubb Group of Insurance Companies are shown below:

Federal Insurance Company
Capital Center
251 North Illinois, Suite 1100
Indianapolis, Indiana 46204-1927

Great Northern Insurance Company
Capital Center
251 North Illinois, Suite 1100
Indianapolis, Indiana 46204-1927

Pacific Indemnity Company
Two Plaza East, Suite 1450
330 East Kilbourn Avenue
Milwaukee, WI 53202-3146

Vigilant Insurance Company
55 Water Street
New York, New York 10041-2899

Administrative Offices for all of the Chubb Group of Insurance Companies are located at:
15 Mountain View Road, Warren, New Jersey 07059

Reference Copy

Customarq Series

Life Sciences Insurance Program

FOR

TELA BIO, INC.

Producer:

AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Chubb Servicing Office:

PHILADELPHIA
4 PENN CENTER
1600 JFK BOULEVARD
PHILADELPHIA, PA 19103

Reference Copy

Customarq Series Life Sciences Insurance Program

How To Report A Loss

To report a **Loss**, use the following procedure.

Loss Notification

If an **Insured Person** has a **Loss**, please contact us by telephone as soon as possible for further assistance:

Telephone Number: 1-800-252-4670

24 hours a day, 7 days a week

Fax Number

You may also fax the loss report during normal business hours to:

Fax Number: 1-800-300-2538

Mailing Address

You may mail your loss report to the following address:

Chubb Group Of Insurance Companies
Claim Service Center
600 Independence Parkway
P.O. Box 4700
Chesapeake, Va. 23327-4700

Reference Copy

**Customarq Series
Life Sciences Insurance Program**

Table Of Contents

This Table Of Contents is provided to acquaint you with the overall organization of this policy.

POLICY ORGANIZATION

Insuring Agreement

Premium Summary

Property Insurance Section

Property Schedule Of Forms & Declarations

Property Contracts *

Property Endorsements

Liability Insurance Section

Liability Schedule Of Forms & Declarations

Liability Contracts *

Liability Endorsements

Common Policy Section

Common Policy Conditions

Common Policy Endorsements

* Note: Each contract within a section has its own Table Of Contents to facilitate your use of them.

Reference Copy

last page

Insuring Agreement

Named Insured and Mailing Address

TELA BIO, INC.
1 GREAT VALLEY PARKWAY, STE 24
MALVERN, PA 19355

Producer No. 0051980-99999

Producer AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Policy Number 3598-32-51 PHL

Effective Date JANUARY 18, 2013

Issued by the stock insurance company
indicated below, herein called the company.

**FEDERAL INSURANCE
COMPANY**

Incorporated under the laws of
INDIANA

Company and Policy Period

Insurance is issued by the company in consideration of payment of the required premium.

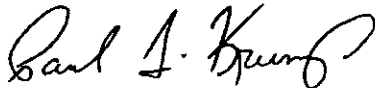
This policy is issued for the period 12:01 AM standard time at the Named Insured's mailing address shown above:

From: JANUARY 18, 2013 To: JANUARY 18, 2014

Your acceptance of this policy terminates, effective with the inception of this policy, any prior policy of the same number issued to you by us.

This Insuring Agreement together with the Premium Summary, Schedule Of Forms, Declarations, Contracts, Endorsements and Common Policy Conditions comprise this policy.

In Witness Whereof, the company issuing this policy has caused this policy to be signed by its authorized officers, but this policy shall not be valid unless also signed by a duly authorized representative of the company.


President


Secretary



Authorized Representative

Reference Copy

Customarq Series Life Sciences Insurance Program

Premium Summary

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Named Insured and Mailing Address

TELA BIO, INC.
1 GREAT VALLEY PARKWAY, STE 24
MALVERN, PA 19355

Policy Number 3598-32-51 PHL

Effective Date JANUARY 18, 2013

Issued by the stock insurance company indicated below, herein called the company.

**FEDERAL INSURANCE
COMPANY**

Producer No. 0051980-99999

*Incorporated under the laws of
INDIANA*

Producer AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Policy Period

From: JANUARY 18, 2013 **To:** JANUARY 18, 2014
12:01 A.M. standard time at the Named Insured's mailing address shown above.

Premium Payment

The First Named Insured shown in the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums we pay.

Premium Audit

Certain classifications within our rates and rules indicate that premiums calculated therefrom can be significantly affected by large increases or decreases in your business results. Based upon our underwriting review of information provided by you, we may at our discretion perform a premium audit. You may also request such an audit.

If an audit is conducted and additional premiums are due, they are payable upon notice to the First Named Insured. If as a result of an audit the premium paid is greater than the earned premium, we will return the excess to the First Named Insured. The First Named Insured must keep records of the information we need to perform the audit and send us copies at such times as we may request.

Coverage	Rate	Premium
PROPERTY INSURANCE SECTION		\$ 4,333
LIABILITY INSURANCE SECTION		\$ 2,717

Reference Copy

Issue Date: FEBRUARY 5, 2013

continued

Premium Summary
(continued)

TOTAL **\$ 7,050**

If ATD coverage is provided on this policy, additional certificate and handling fees may be imposed during the policy term.

Coverage Premium

Additional certificate and handling fees may be imposed as respects to certification of pressure equipment as mandated by State and/or local jurisdictional authorities.

Payment Plan

This policy premium is being billed as follows. The amounts shown are due and payable as of the dates shown below:

<u>Date Payment Due</u>	<u>Amount Due</u>
JANUARY 18, 2013	\$ 7,050.00

Reference Copy

Issue Date: FEBRUARY 5, 2013

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Property Insurance Section

Declarations

Reference Copy

Property Insurance

Schedule of Forms

Policy Period JANUARY 18, 2013 TO JANUARY 18, 2014
 Effective Date JANUARY 18, 2013
 Policy Number 3598-32-51 PHL
 Insured TELA BIO, INC.
 Name of Company FEDERAL INSURANCE COMPANY
 Date Issued FEBRUARY 5, 2013

The following is a schedule of forms issued as of the date shown above:

Form Number	Edition Date	Form Name	Effective Date	Date Issued
80-02-0005	7-03	PROPERTY DECLARATIONS	01/18/13	02/05/13
80-02-0052	6-05	LS/SUPPLEMENTARY DECLARATIONS - PROPERTY	01/18/13	02/05/13
80-02-0054	8-04	LS/SUPPLEMENTARY DECLARATIONS-BUSINESSINCOME	01/18/13	02/05/13
80-02-1067	8-04	AR, FA, MONEY & SEC., VAL. PAPERS FOR LS	01/18/13	02/05/13
80-02-1068	8-04	ELECTRONIC DATA PROCESSING PROP. FOR LS	01/18/13	02/05/13
80-02-1069	8-04	EXTRA EXPENSE FOR LIFE SCIENCES	01/18/13	02/05/13
80-02-1088	8-04	BIEE & RESEARCH & DEV. INCOME COVERAGE FOR LS	01/18/13	02/05/13
80-02-1089	6-05	BUILDING AND PERSONAL PROPERTY FOR LS	01/18/13	02/05/13
80-02-1090	8-04	CHANGE IN CONTROLLED ENVIRONMENT FOR LS	01/18/13	02/05/13
80-02-1091	6-05	CONTAMINATION FOR LIFE SCIENCES	01/18/13	02/05/13
80-02-1092	6-05	PROPERTY/BI CONDITIONS & DEFINITIONS FOR LS	01/18/13	02/05/13
80-02-1095	7-03	IMPAIRMENT OF COMPUTER SERVICES-MALICIOUS PGM	01/18/13	02/05/13
80-02-1303	10-06	ADD'L PERIL - EQ LIMIT/DED OR WAITING PERIOD	01/18/13	02/05/13
80-02-1428	10-06	ADD'L PERIL - FLOOD LIMIT/DED OR WAIT.PERIOD	01/18/13	02/05/13
80-02-1644	5-04	ELECTRONIC DATA AND PERIL CHANGES	01/18/13	02/05/13
80-02-5139	12-07	LS/EXCL. FOR CERT. TERRORISMLOSSES/POLICY	01/18/13	02/05/13
80-02-5250	6-08	ORD OR LAW & EXISTING GREEN STANDARDS LPB	01/18/13	02/05/13
80-02-5257	3-09	EXCLUSION APPLICABLE TO SCIENTIFIC ANIMALS	01/18/13	02/05/13
80-02-5259	3-09	CONSEQUENT REDUC IN VALUE OF SCIENTIFIC ANIM	01/18/13	02/05/13
80-02-5262	8-09	POL EXCL-CHANGE IN CONTROLLED ENVIR & CONTAM	01/18/13	02/05/13
80-02-5310	2-12	MECH. OR ELECT. SYSTEM OR APPARATUS DEF AMEND	01/18/13	02/05/13

Reference Copy

last page

Property Insurance

Declarations

Named Insured and Mailing Address

TELA BIO, INC.
1 GREAT VALLEY PARKWAY, STE 24
MALVERN, PA 19355

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Policy Number 3598-32-51 PHL

Effective Date JANUARY 18, 2013

Issued by the stock insurance company
indicated below, herein called the company.

**FEDERAL INSURANCE
COMPANY**

Producer No. 0051980-99999

Incorporated under the laws of
INDIANA

Producer AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Policy Period

From: JANUARY 18, 2013 To: JANUARY 18, 2014
12:01 A.M. standard time at the Named Insured's mailing address shown above.

Deductible \$ 2,500

The deductible shown above applies to all coverages, except Business Income and Extra Expense, and all premises shown in this and all other property declarations, unless a specific deductible is shown following a coverage.

The following displays the coverages provided at the premises stated below:

Premises Coverages

Premises Coverages - Blanket Limits

BLANKET LIMIT OF INSURANCE

\$ 1,500,000

COVERAGES

PERSONAL PROPERTY

EDP PROPERTY

LEASEHOLD INTEREST

IMPROVEMENTS AND BETTERMENTS

Reference Copy

Property Insurance

Issue Date: FEBRUARY 5, 2013

continued

Form 80-02-0005 (Ed. 7-03)

Declarations

Page 1

Premises Coverages

(continued)

PREMISES #1 1 GREAT VALLEY PKWY
MALVERN, PENNSYLVANIA 19355
COUNTY OF CHESTER

Premises Coverages - Specific Limits

PREMISES #1 1 GREAT VALLEY PKWY
MALVERN, PENNSYLVANIA 19355
COUNTY OF CHESTER

COVERAGES

BUSINESS INCOME WITH EXTRA EXPENSE AND RESEARCH AND DEVELOPMENT INCOME

LIMIT OF INSURANCE	\$ 250,000
WAITING PERIOD	24 HOURS

EXTENDED PERIOD

NUMBER OF DAYS	UNLIMITED
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Additional Coverages

ANY OTHER LOCATION

PERSONAL PROPERTY

LIMIT OF INSURANCE	\$ 100,000
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IN TRANSIT

PERSONAL PROPERTY

LIMIT OF INSURANCE	\$ 50,000
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MOBILE COMMUNICATION PROPERTY

LIMIT OF INSURANCE	SEE PROPERTY SUPPLEMENTARY DECLARATIONS
DEDUCTIBLE	\$ 3,500

Reference Copy

Property Insurance

Supplementary Declarations – Property

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Named Insured and Mailing Address

TELA BIO, INC.
1 GREAT VALLEY PARKWAY, STE 24
MALVERN, PA 19355

Policy Number 3598-32-51 PHL

Effective Date JANUARY 18, 2013

Issued by the stock insurance company indicated below, herein called the company.

**FEDERAL INSURANCE
COMPANY**

Producer No. 0051980-99999

*Incorporated under the laws of
INDIANA*

Producer AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Policy Period

From: JANUARY 18, 2013 **To:** JANUARY 18, 2014
12:01 A.M. standard time at the Named Insured's mailing address shown above.

Covered Premises \$500,000 Blanket Limit Of Insurance

The Blanket Limit Of Insurance shown above applies only for the Premises Coverages shown below. Unless otherwise stated, this Blanket Limit Of Insurance applies separately at each covered premises shown in the Declarations. This Blanket Limit Of Insurance applies in excess of the applicable deductible shown in the Declarations.

At time of loss, the first Named Insured may elect to apportion this Blanket Limit Of Insurance to one or any combination of the Premises Coverages shown, but under no circumstance will the aggregate apportionment be permitted to exceed the Blanket Limit Of Insurance shown above at any one covered premises. For the purpose of the application of this \$500,000 Blanket Limit Of Insurance, all property at one premises shall constitute a single premises.

Separate specific Limits Of Insurance may be purchased for each of these Premises Coverages. If purchased, these Limits Of Insurance and any applicable deductible will be shown in the Declarations with the Premises Coverages. If no deductible is shown in the Declarations with the Premises Coverages, then the Property Deductible will apply. When a specific Limit Of Insurance is purchased for any of these Premises Coverages, such specific Limit Of Insurance will apply in addition to whatever amount the first Named Insured apportions to that coverage at time of loss as provided in the previous paragraphs.

Reference Copy

Coverages Included In The Blanket Limit Of Insurance:

ACCOUNTS RECEIVABLE	LEASEHOLD INTEREST – UNDAMAGED
ELECTRONIC DATA PROCESSING PROPERTY	TENANT'S IMPROVEMENTS & BETTERMENTS
FINE ARTS	NON – OWNED DETACHED TRAILERS
LEASEHOLD INTEREST –	OUTDOOR TREES, SHRUBS, PLANTS OR LAWNS
BONUS PAYMENT,	PAIR AND SET
PREPAID RENT,	PERSONAL PROPERTY OF EMPLOYEES
SUBLEASE PROFIT,	PUBLIC SAFETY SERVICE CHARGES
TENANTS' LEASE INTEREST	RESEARCH AND DEVELOPMENT PROPERTY
	VALUABLE PAPERS

Property Coverages

The Limits Of Insurance shown below:

- are provided for the Premises Coverages and Additional Coverages shown at no additional cost to you; and
- apply separately at each premises shown in the Declarations, except for the following Additional Coverages which apply anywhere within the Coverage Territory:
 - Any Other Location;
 - Deferred Payments;
 - Exhibition, Fair Or Trade Show;
 - Impairment Of Computer Services – Malicious Programming;
 - Installation;
 - In Transit; or
 - Mobile Communication Property (greater than 1,000 feet from a premises shown in the Declarations); and
- do not apply when the applicable coverage has been excluded as shown in the Declarations or by endorsement to this policy.

The Limits Of Insurance for:

- Debris Removal; and
- Preparation Of Loss Fees,

apply separately at each premises shown in the Declarations or anywhere within the Coverage Territory.

You may purchase increased Limits Of Insurance, and we will charge you an additional premium. If you purchase increased Limits Of Insurance for any of these coverages, the Limits Of Insurance shown in the Declarations will reflect your total Limit Of Insurance, including the Limits Of Insurance shown below. Any applicable deductible will be shown in the Declarations with the coverage. If no deductible is shown in the Declarations with the coverage, then the Property Deductible will apply. Extra Expense Coverage is not subject to any deductible.

Extra expense is subject to the:

- Business Income With Extra Expense contract and Business Income With Extra Expense and Research And Development Income Contract if purchased; or
- Extra Expense contract, if the Business Income With Extra Expense contract or Business Income With Extra Expense and Research And Development Income contract is not purchased.

Reference Copy

Property Insurance

Supplementary Declarations – Property

Effective Date JANUARY 18, 2013

Policy Number 3598-32-51 PHL

Property Coverages

Limit Of Insurance

ANY OTHER LOCATION

ACCOUNTS RECEIVABLE	\$ 25,000
BUILDING COMPONENTS	\$ 25,000
ELECTRONIC DATA PROCESSING PROPERTY	\$ 75,000
FINE ARTS	\$ 25,000
PERSONAL PROPERTY	\$ 25,000
RESEARCH AND DEVELOPMENT PROPERTY	\$ 25,000
SCIENTIFIC ANIMALS	\$ 10,000
VALUABLE PAPERS	\$ 25,000

CHANGE IN CONTROLLED ENVIRONMENT – PERISHABLE PROPERTY

PREMISES SHOWN IN THE DECLARATIONS	\$ 250,000
ANY OTHER LOCATION	\$ 25,000
IN TRANSIT	\$ 10,000

CHANGE IN CONTROLLED ENVIRONMENT – SCIENTIFIC ANIMALS

PREMISES SHOWN IN THE DECLARATIONS	\$ 100,000
ANY OTHER LOCATION	\$ 10,000
IN TRANSIT	\$ 5,000

CONDEMNATION OF UNDAMAGED STOCK	\$ 250,000
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CONTAMINANT CLEAN-UP OR REMOVAL	\$ 50,000
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CONTAMINATION

PREMISES SHOWN IN THE DECLARATIONS	\$ 250,000
ANY OTHER LOCATION	\$ 25,000

DEBRIS REMOVAL

PREMISES SHOWN IN THE DECLARATIONS	\$ 500,000
ANY OTHER LOCATION	\$ 50,000
IN TRANSIT	\$ 50,000

DEFERRED PAYMENTS	\$ 50,000
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Reference Copy

Property Coverages	Limit Of Insurance
<i>EXHIBITION, FAIR OR TRADE SHOW</i>	
ELECTRONIC DATA PROCESSING PROPERTY	\$ 25,000
FINE ARTS	\$ 25,000
PERSONAL PROPERTY	\$ 25,000
<i>EXTRA EXPENSE</i>	\$ 250,000
<i>IMPAIRMENT OF COMPUTER SERVICES – MALICIOUS PROGRAMMING</i>	
INSIDE ATTACK	\$ 100,000
OUTSIDE ATTACK – PER OCCURRENCE	\$ 10,000
OUTSIDE ATTACK – ANNUAL AGGREGATE	\$ 50,000
<i>INSTALLATION</i>	
ANY JOB SITE	\$ 50,000
IN TRANSIT	\$ 50,000
<i>IN TRANSIT</i>	
ACCOUNTS RECEIVABLE	\$ 25,000
BUILDING COMPONENTS	\$ 25,000
ELECTRONIC DATA PROCESSING PROPERTY	\$ 50,000
FINE ARTS	\$ 25,000
PERSONAL PROPERTY	\$ 25,000
SCIENTIFIC ANIMALS	\$ 10,000
VALUABLE PAPERS	\$ 25,000
<i>LOSS OF MASTER KEY</i>	\$ 25,000
<i>LOSS PREVENTION EXPENSES</i>	\$ 15,000
<i>MOBILE COMMUNICATION PROPERTY</i> <i>(GREATER THAN 1,000 FEET FROM A PREMISES</i> <i>SHOWN IN THE DECLARATIONS)</i>	\$ 10,000
<i>MONEY & SECURITIES</i>	
ON PREMISES	\$ 25,000
OFF PREMISES	\$ 15,000
<i>PROCESSING WATER</i>	\$ 25,000
<i>PREPARATION OF LOSS FEES</i>	\$ 25,000
<i>RADIOACTIVE CONTAMINATION</i>	
AGGREGATE	\$ 250,000
PER OCCURRENCE	\$ 250,000
<i>SCIENTIFIC ANIMALS</i>	\$ 100,000

Reference Copy

Property Insurance

Supplementary Declarations – Property

Effective Date JANUARY 18, 2013

Policy Number 3598-32-51 PHL

The following displays the Coverages and the applicable Limits Of Insurance for:

Newly Acquired Premises Or Newly Acquired Or Constructed Property

Limit Of Insurance

BUILDING	\$ 2,000,000
PERSONAL PROPERTY	\$ 1,000,000
CHANGE IN CONTROLLED ENVIRONMENT – PERISHABLE PROPERTY	\$ 250,000
CONTAMINATION	\$ 250,000
SCIENTIFIC ANIMALS	\$ 25,000
PERSONAL PROPERTY AT EXISTING PREMISES	\$ 100,000
ELECTRONIC DATA PROCESSING EQUIPMENT	\$ 1,000,000
ELECTRONIC DATA	\$ 250,000
COMMUNICATION PROPERTY	\$ 250,000
FINE ARTS	\$ 25,000

You may purchase increased Limits Of Insurance for any of the Newly Acquired Premises or Newly Acquired Or Constructed Property Limits Of Insurance shown above and we will charge you an additional premium. If you purchase such increased Limits Of Insurance, the Limits Of Insurance shown in the Declarations will reflect your total limit, including the Limits Of Insurance shown above.

Authorized Representative



Reference Copy

Property Insurance

Supplementary Declarations – Business Income

Named Insured and Mailing Address

TELA BIO, INC.
1 GREAT VALLEY PARKWAY, STE 24
MALVERN, PA 19355

Chubb Group of Insurance Companies
15 Mountain View Road
Warren, NJ 07059

Policy Number 3598-32-51 PHL

Effective Date JANUARY 18, 2013

Issued by the stock insurance company indicated below, herein called the company.

**FEDERAL INSURANCE
COMPANY**

Producer No. 0051980-99999

Incorporated under the laws of
INDIANA

Producer AON RISK SERVICES CENTRAL, INC.
1650 MARKET STREET
PHILADELPHIA, PA 19103-0000

Policy Period

From: JANUARY 18, 2013 *To:* JANUARY 18, 2014
12:01 A.M. standard time at the Named Insured's mailing address shown above.

Additional Business Income Coverages

The Limits Of Insurance shown below are provided for the Premises Coverages and Additional Coverages shown at no additional cost to you. You may purchase increased Limits Of Insurance, and we will charge you an additional premium. If you purchase increased Limits Of Insurance for any of these coverages, the Limits Of Insurance shown in the Declarations will reflect your total Limit Of Insurance, including the Limits Of Insurance shown below.

Except for Dependent Business Premises, Any Other Location, Exhibition, Fair or Trade Show and Preparation Of Loss Fees, the Limits Of Insurance shown below apply at each premises for which you have purchased a Limit Of Insurance for Business Income as shown in the Declarations.

The Limit Of Insurance for Dependent Business Premises applies:

- at each of your premises for which you have purchased a Limit Of Insurance for Business Income as shown in the Declarations;
- separately to each **occurrence**, regardless of the number of **dependent business premises** that sustain covered direct physical loss or damage; and
- only if such direct physical loss or damage causes a business income loss (or extra expense loss if Business Income With Extra Expense is purchased) at your premises for which you have purchased a Limit Of Insurance for Business Income as shown in the Declarations,

provided that actual loss for such premises is the direct result of direct physical loss or damage, by a **covered peril**, to the **dependent business premises**.

Reference Copy

If you increase the \$250,000 Limit of Insurance for Dependent Business Premises as provided for in this Supplementary Declarations, such increased limit of insurance:

- will be shown in the Declarations and will reflect your total Dependent Business Premises Limit of Insurance at the applicable **dependent business premises** shown in the Declarations; and
- is the most we will pay in any **occurrence** at all premises for which a Limit Of Insurance for Business Income is shown in the Declarations.

The Limit Of Insurance for Any Other Location or Exhibition, Fair or Trade Show applies within the Coverage Territory of this policy.

The Limit Of Insurance for Preparation Of Loss Fees applies at each premises shown in the Declarations or anywhere within the Coverage Territory.

Business Income Coverages

Limit Of Insurance

ANY OTHER LOCATION	\$ 50,000
CHANGE IN CONTROLLED ENVIRONMENT – Limit included under Change in Controlled Environment Coverage on the Supplementary Declarations – Property	
CONTAMINATION – Limit included under Contamination Coverage on the Supplementary Declarations – Property	
RADIOACTIVE CONTAMINATION – Limit included under Radioactive Contamination Coverage on the Supplementary Declarations – Property	
CONTRACTUAL PENALTIES	\$ 25,000
DEPENDENT BUSINESS PREMISES	\$ 250,000
EXHIBITION, FAIR OR TRADE SHOW	\$ 25,000
NEWLY ACQUIRED RESEARCH AND DEVELOPMENT INCOME	
ANY ONE WRITTEN AGREEMENT	\$ 250,000
FOR ALL WRITTEN AGREEMENTS	\$ 1,000,000
PREPARATION OF LOSS FEES	\$ 25,000
INGRESS & EGRESS	\$ 50,000
LOSS OF UTILITIES	\$ 25,000
CONTAMINANT CLEAN-UP OR REMOVAL	\$ 25,000
CONDEMNATION OF UNDAMAGED STOCK	\$ 100,000

Reference Copy

Property Insurance

Supplementary Declarations – Business Income


Effective Date JANUARY 18, 2013

Policy Number 3598-32-51 PHL

The following displays the coverage and the applicable Limit Of Insurance provided for each newly acquired premises:

<i>Newly Acquired Premises</i>	<i>Limit Of Insurance</i>
BUSINESS INCOME	\$ 250,000

Authorized Representative



Reference Copy

Property Insurance

Impairment Of Computer Services — Malicious Programming

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Impairment Of Computer Services — Malicious Programming

Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy and the Amended Definitions section of this contract.

Throughout this contract, the words, "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we", "us" and "our" refer to the company providing this insurance.

Coverages

Impairment Of Computer Services - Inside Attack

We will pay for the actual:

- **electronic data recovery costs;**
- **business income** loss; and
- **extra expense,**

you incur due to the actual impairment of your **operations** during the **period of recovery of computer service**, not to exceed the applicable Limit Of Insurance for Impairment Of Computer Services - Inside Attack shown in the Declarations.

This actual impairment of **operations** must be caused by or result from actual loss to **electronic data** or a **system** due to **malicious programming** by an **insider**, unless an exclusion applies.

Impairment Of Computer Services - Outside Attack

We will pay for the actual:

- **electronic data recovery costs;**
- **business income** loss; and
- **extra expense,**

you incur due to the actual impairment of your **operations** during the **period of recovery of computer service**, not to exceed the applicable Limit Of Insurance for Impairment Of Computer Services - Outside Attack shown in the Declarations.

This actual impairment of **operations** must be caused by or result from actual loss to **electronic data** or a **system** due to **malicious programming** by an **outsider**, unless an exclusion applies.

Policy Exclusions

The following Policy Exclusions apply to all coverages provided in this contract.

Dishonesty

This insurance does not apply to loss caused by or resulting from fraudulent, dishonest or criminal acts or omissions committed alone or in collusion with others by you, your partners, members, officers, managers, directors, trustees, employees, anyone performing acts coming within the scope of the usual duties of your employees, or by anyone authorized to act for you, or anyone to whom you have entrusted covered property for any purpose.

This Dishonesty exclusion does not apply to **malicious programming** by an **insider**.

Reference Copy

Policy Exclusions

(continued)

Governmental Or Military Action

This insurance does not apply to loss caused by or resulting from seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental or military authority, whether de jure or de facto, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss, even if such other cause or event would otherwise be covered.

Nuclear Hazard

This insurance does not apply to loss caused by or resulting from nuclear reaction or radiation, or radioactive contamination, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss, even if such other cause or event would otherwise be covered.

Random Or Multiple Attack

This insurance does not apply to loss caused by or resulting from any **malicious programming** which:

- is not specifically directed at a **system**;
- is designed or intended to affect more than one computer system or network; or
- actually affects more than one computer system or network.

This Random Or Multiple Attack exclusion does not apply to **malicious programming** by an **outsider**.

War And Military Action

This insurance does not apply to loss caused by or resulting from:

- war, including undeclared or civil war;
- warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- insurrection, rebellion, revolution, usurped power or action taken by governmental or military authority, whether de jure or de facto, in hindering or defending against any of these,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss, even if such other cause or event would otherwise be covered.

Reference Copy

Impairment Of Computer Services — Malicious Programming

Limits Of Insurance

Impairment Of Computer Services - Insider

The most we will pay in any **occurrence** for the sum of **electronic data recovery costs, business income loss and extra expense** due to **malicious programming** by an **insider**, is the Limit Of Insurance for Impairment Of Computer Services - Inside Attack shown in the Declarations.

Impairment Of Computer Services - Outsider

The most we will pay in any **occurrence** for the sum of **electronic data recovery costs, business income loss and extra expense** due to **malicious programming** by an **outsider**, is the Limit Of Insurance for Impairment Of Computer Services - Outside Attack shown in the Declarations.

Subject to the Limit Of Insurance for Impairment Of Computer Services - Outside Attack, the most we will pay for the sum of all **electronic data recovery costs, business income loss and extra expense** due to **malicious programming** by an **outsider** that occurs during each separate 12-month policy period, is the Aggregate Limit Of Insurance for Impairment Of Computer Services - Outside Attack shown in the Declarations.

Deductible

Subject to the applicable Limit Of Insurance, we will pay the amount of **electronic data recovery costs** in excess of the applicable deductible amount shown in the Declarations for each **occurrence**.

If two or more deductibles apply to the same **occurrence**, only the largest single deductible will apply, unless otherwise stated.

Loss Determination

In making any loss determination under this contract, we may utilize relevant sources of information, including:

- your financial records and accounting procedures;
- bills, invoices and other vouchers;
- deeds, liens and contracts;
- status and feasibility reports; and
- budgeting and marketing records.

Business Income

The amount of **business income** loss will be determined based on the:

- net income of your business before the **malicious programming** occurred;
- the likely net income of your business if no **malicious programming** occurred, but not including any **business income** that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the covered loss on customers or on other businesses; and
- your continuing operating expenses, including your continuing normal payroll expenses, necessary to resume **operations** with the same quality of service that existed just before the **malicious programming**.

Reference Copy

Loss Determination

(continued)

Extra Expense

The amount of **extra expense** loss will be determined based on necessary expenses that:

- exceed your normal operating expenses that would have been incurred by **operations** during the **period of recovery of computer services**, if no **malicious programming** had occurred; and
- reduce the **business income** loss that otherwise would have been incurred.

We will deduct from the total of such expenses:

- the salvage value that remains of any property bought for temporary use during the **period of recovery of computer services**, once **operations** are resumed; and
- any **extra expense** that is paid for by other insurance.

Resumption Or Continuance Of Operations

We will reduce the amount of any **business income** loss payment to the extent you can resume or continue your **operations**, in whole or in part, by using any available **electronic data or system**, including the **electronic data or system** impacted by the **malicious programming**.

If you elect not to resume or continue **operations**:

- any loss determination for **business income** will be based on the length of time it would have taken to resume or continue **operations** with due diligence and dispatch; and
- we will not make any payment for **extra expense**.

Loss Payment Limitations

Contributing Physical Loss Or Damage

We will not pay for any **business income** loss or **extra expense** caused by or resulting from **malicious programming** if direct physical loss or damage:

- contributes concurrently to, or
 - contributes in any sequence to,
- such **business income** loss or **extra expense**.

Extortion

We will not pay that part of any **business income** loss or **extra expense** you incur to respond to extortion or other similar threat.

Loss Of Market

We will not pay for any loss that results from loss of market, loss of use or delay.

Conditions (Including Coverage Territory)

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy. Any additional conditions are contained in the Additional Condition section of this contract.

Reference Copy

Impairment Of Computer Services — Malicious Programming

Additional Condition

System Security

If a **system** is protected by **security software**, you are required to maintain and, as necessary, upgrade (at your own cost) such software so that it provides a technologically credible level of security.

We will not pay for any loss caused by **malicious programming** if, prior to the **malicious programming**, you:

- knew of any defect or deficiency in the **security software** and failed to correct it;
- failed to maintain the **security software** in complete working order; or
- knew of any technologically credible upgrades to the **security software** that could have prevented the **malicious programming**, and failed to make them.

Definitions

The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy. Any definition that amends the definitions contained in the Property/Business Income Conditions And Definitions form are shown in the Amended Definition section of this contract.

Amended Definition

Extra Expense

Extra expense means necessary expenses you incur in an attempt to continue **operations**, over and above the expenses you would have normally incurred.

Reference Copy

Property Insurance

Accounts Receivable, Fine Arts, Money And
 Securities And Valuable Papers For Life Sciences

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Accounts Receivable, Fine Arts, Money And Securities And Valuable Papers For Life Sciences

Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy.

Throughout this contract, the words "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

Premises Coverages

The following Premises Coverages apply only at those premises for which a Limit Of Insurance applicable to such coverages is shown in the Declarations.

Except as otherwise provided, the loss or damage must:

- be caused by or result from a peril not otherwise excluded; and
- occur at, or within 1,000 feet of, the premises shown in the Declarations.

Accounts Receivable

We will pay for the **accounts receivable** loss you incur caused by or resulting from direct physical loss or damage to your **accounts receivable records** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Accounts Receivable shown in the Declarations.

Fine Arts

We will pay for direct physical loss or damage to **fine arts** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Fine Arts shown in the Declarations.

Money And Securities – On Premises

We will pay for direct physical loss or damage to **money** or **securities** caused by or resulting from a peril not otherwise excluded **on premises**, not to exceed the applicable Limit Of Insurance for Money And Securities On Premises shown in the Declarations.

Public Safety Service Charges

We will pay the charges you:

- assume under any contract or agreement; or
- are required to pay by local ordinance,

in effect at the time of the direct physical loss or damage, if a fire department or other municipal agency charged with preserving public safety is called to save or protect your property from direct physical loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Public Safety Service Charges shown in the Declarations.

Removal

We will pay for:

- the **accounts receivable** loss you incur caused by or resulting from direct physical loss or damage to your **accounts receivable records**; or
- direct physical loss or damage to **fine arts** or **valuable papers**,

while:

- being moved to another location or returned from such location to its original location; or
- temporarily stored at another location,

Reference Copy

Premises Coverages

Removal (continued)

if you must move the **accounts receivable records, fine arts or valuable papers** from such location to preserve such property from imminent loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit of Insurance for Accounts Receivable, Fine Arts, or Valuable Papers shown in the Declarations.

Valuable Papers

We will pay for direct physical loss or damage to **valuable papers** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Valuable Papers shown in the Declarations.

Additional Coverages

The following Additional Coverages apply within the coverage territory.

Any Other Location

We will pay for:

- the **accounts receivable** loss you incur caused by or resulting from direct physical loss or damage to your **accounts receivable records** at unspecified premises caused by or resulting from a peril not otherwise excluded; or
- direct physical loss or damage to **fine arts or valuable papers** at unspecified premises caused by or resulting from a peril not otherwise excluded,

not to exceed the applicable Limit Of Insurance for Accounts Receivable, Fine Arts or Valuable Papers shown under Any Other Location in the Declarations.

Exhibition, Fair Or Trade Show

We will pay for direct physical loss or damage to **fine arts** at any exhibition, fair or trade show caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Fine Arts shown under Exhibition, Fair Or Trade Show in the Declarations.

In Transit

We will pay for:

- the **accounts receivable** loss you incur caused by or resulting from direct physical loss or damage to your **accounts receivable records** while **in transit** caused by or resulting from a peril not otherwise excluded; or
- direct physical loss or damage to **fine arts or valuable papers** while **in transit** caused by or resulting from a peril not otherwise excluded,

not to exceed the applicable Limit Of Insurance for Accounts Receivable, Fine Arts or Valuable Papers shown under In Transit in the Declarations.

Money And Securities – Off Premises

We will pay for direct physical loss or damage to **money or securities** caused by or resulting from a peril not otherwise excluded **off premises**, not to exceed the applicable Limit Of Insurance for Money And Securities Off Premises shown in the Declarations.

Reference Copy

Accounts Receivable, Fine Arts, Money And Securities And Valuable Papers For Life Sciences

Additional Coverages (continued)

Newly Acquired Fine Arts We will pay for direct physical loss or damage to newly acquired **fine arts** at the premises shown in the Declarations or at newly acquired premises caused by or resulting from a peril not otherwise excluded, not to exceed the Limit Of Insurance for Fine Arts shown in the Declarations under Newly Acquired Premises or Newly Acquired or Constructed Property.

This Additional Coverage applies until the first of the following occurs:

- you report the value of the newly acquired **fine arts** at the premises shown in the Declarations or at the newly acquired premises to us and we add such **fine arts** or premises to this policy;
- 180 days pass from the date you acquire the **fine arts**; or
- this policy expires.

We will charge you additional premium for the reported values from the date you acquire:

- the **fine arts**; or
- the premises,

if we add such **fine arts** or premises to this policy.

Preparation Of Loss Fees

We will pay the reasonable and necessary expenses we require you to incur after covered direct physical loss or damage to:

- **accounts receivable records**;
- **fine arts**; or
- **valuable papers**,

to determine the extent of such loss or damage, not to exceed the applicable Limit Of Insurance for Preparation Of Loss Fees shown in the Declarations.

This Additional Coverage does not apply to any expenses you incur for any:

- insurance adjuster, consultant or attorney; or
- of your subsidiaries or affiliates.

Debris Removal Coverage

The following Debris Removal Coverage applies.

Debris Removal

- A. We will pay for the costs you incur to remove debris of damaged **accounts receivable records, fine arts or valuable papers** caused by or resulting from a peril not otherwise excluded that occurs during the policy period.
- B. The most we will pay for debris removal is the lesser of:
 - 1. 25% of the covered direct physical loss or damage; or
 - 2. the remaining applicable Limit Of Insurance for Accounts Receivable, Fine Arts or Valuable Papers shown in the Declarations, after payment of the covered direct physical loss or damage.

Reference Copy

Debris Removal Coverage

Debris Removal (continued)

- C. If the amount in B. above is insufficient to pay the debris removal, we will pay the remaining debris removal, subject to the applicable Limit Of Insurance shown under Debris Removal in the Declarations.
- D. Debris removal will be paid only if:
1. reported to us in writing within 180 days of the date of the direct loss or damage to the **accounts receivable records, fine arts or valuable papers**; or
 2. a Limit Of Insurance applicable to the damaged **accounts receivable records, fine arts or valuable papers** is shown in the Declarations.
- E. Debris removal does not apply to costs to:
1. clean up or remove **contaminants** from land, water or air;
 2. clean up, remove, restore or replace covered **accounts receivable records, fine arts or valuable papers** because of the presence of **contaminating agents**; or
 3. clean up, remove, restore or replace contaminated land, water or air, either inside or outside of a **building**.

Policy Exclusions

The following Policy Exclusions apply to all the coverages in this contract.

Acts Or Decisions

This insurance does not apply to loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

This Acts Or Decisions exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

Contaminants

This insurance does not apply to loss or damage caused by or resulting from the mixture of or contact between property and a **contaminant** when such mixture or contact causes the property to be impure and harmful to:

- itself or other property;
- persons, animals or plants;
- land, water or air; or
- any other part of an environment,

either inside or outside of a building or other structure, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Contaminants exclusion does not apply to:

- A. the mixture of or contact between property and **contaminants** if the mixture or contact is directly caused by or directly results from a **specified peril**;
- B. any solid, liquid or gas used to suppress fire; or

Reference Copy

Accounts Receivable, Fine Arts, Money And Securities And Valuable Papers For Life Sciences

Policy Exclusions

Contaminants (continued)

C. water.

Paragraphs B and C do not apply to loss or damage involving

- viruses or pathogens; or
- ammonia.

Dishonesty

This insurance does not apply to loss or damage caused by or resulting from fraudulent, dishonest or criminal acts or omissions committed alone or in collusion with others by you, your partners, members, officers, managers, directors, trustees, employees, anyone performing acts coming within the scope of the usual duties of your employees, or by anyone authorized to act for you, or anyone to whom you have entrusted covered property for any purpose.

This Dishonesty exclusion does not apply to:

- A. acts of vandalism;
- B. acts committed by carriers or warehousemen for hire or anyone claiming to be a carrier or warehouseman for hire, other than:
 - 1. you, your partners, directors, trustees and employees;
 - 2. anyone performing acts coming within the scope of the usual duties of your employees; or
 - 3. anyone authorized to act for you; or
- C. ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

Governmental Or Military Action

This insurance does not apply to loss or damage caused by or resulting from seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental or military authority, whether de jure or de facto, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Governmental Or Military Action exclusion does not apply to loss or damage caused by or resulting from acts of destruction ordered by governmental or military authority:

- A. when taken at the time of a fire to prevent its spread, if the fire would be covered under this insurance; or
- B. if the act of destruction is made necessary by direct physical loss or damage to:
 - 1. **accounts receivable records, fine arts or valuable papers while in transit;** or
 - 2. a conveyance in or on which **accounts receivable records, fine arts or valuable papers while in transit** is loaded,caused by or resulting from a peril not otherwise excluded.

Reference Copy

Policy Exclusions
(continued)

Nuclear Hazard

This insurance does not apply to loss or damage caused by or resulting from nuclear reaction or radiation, or radioactive contamination, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Nuclear Hazard exclusion does not apply to ensuing loss or damage to **accounts receivable records, fine arts, money or securities or valuable papers** caused by or resulting from fire, if the fire would be covered under this insurance and there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage.

**Planning, Design,
Materials Or
Maintenance**

This insurance does not apply to loss or damage (including the costs of correcting or making good) caused by or resulting from any faulty, inadequate or defective:

- planning, zoning, development, surveying, siting;
- design, specifications, plans, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- materials used in repair, construction, renovation or remodeling; or
- maintenance,

of part or all of any property on or off the premises shown in the Declarations.

This Planning, Design, Materials Or Maintenance exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

War And Military Action

This insurance does not apply to loss or damage caused by or resulting from:

- war, including undeclared or civil war;
- warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- insurrection, rebellion, revolution, usurped power or action taken by governmental or military authority, whether de jure or de facto, in hindering or defending against any of these,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

Reference Copy

Accounts Receivable, Fine Arts, Money And Securities And Valuable Papers For Life Sciences

Policy Exclusions (continued)

Wear And Tear

This insurance does not apply to loss or damage caused by or resulting from wear and tear or deterioration.

This Wear And Tear exclusion does not apply to:

- **money and securities;** or
- ensuing loss or damage caused by or resulting from a **specified peril or water.**

Accounts Receivable Exclusions

The following Accounts Receivable Exclusions apply solely to **accounts receivable records:**

Audit

This insurance does not apply to loss or damage disclosed by an audit or inventory count. In the event the loss or damage is established by independent means, you may use an audit or inventory count to support your claim for that loss.

Bookkeeping

This insurance does not apply to bookkeeping, accounting or billing errors or omissions.

Fine Arts Exclusions

The following Fine Arts Exclusions apply solely to **fine arts:**

Insects Or Animals

This insurance does not apply to loss or damage caused by or resulting from nesting or infestation by, or discharge or release of waste products or secretions of:

- insects;
- birds;
- rodents; or
- other animals.

This Insects Or Animals exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

Repair, Restoration Or Retouching

This insurance does not apply to loss or damage caused by or resulting from repair, restoration or retouching.

Money And Securities Exclusions

The following Money And Securities Exclusions apply solely to **money and securities:**

Accounting

This insurance does not apply to accounting, mathematical or record-keeping errors.

Reference Copy

Money And Securities Exclusions

(continued)

Books And Records This insurance does not apply to loss or damage to manuscripts, records, accounts, media, microfilm or tapes.

Income, Interest Or Dividends This insurance does not apply to loss of income, interest or dividends.

Expenses This insurance does not apply to any fees, costs or expenses you incur or pay:

- in establishing the existence or the amount of any loss or damage; or
- in prosecuting or defending any legal proceeding or claim, whether or not any such proceeding results or would result in a loss or damage covered under this insurance.

Fire To Property Of Others This insurance does not apply to loss or damage caused by or resulting from fire to property of others that you hold as a pledge or as collateral.

Forgery This insurance does not apply to loss or damage caused by or resulting from forgery.

Kidnap/Ransom Or Extortion This insurance does not apply to loss or damage caused by or resulting from kidnap/ransom or other extortion payments surrendered to any person as a result of a threat to do:

- bodily harm to any person; or
- damage to the premises or other property owned by you or held by you in any capacity.

This Kidnap/Ransom Or Extortion exclusion does not apply to **robbery of money or securities**.

Limits Of Insurance The most we will pay in any **occurrence** is the amount of loss or damage, not to exceed the applicable Limit Of Insurance shown in the Declarations.

If any Premises Coverage or Additional Coverage appears in more than one contract which form a part of this policy, unless otherwise specified, the applicable Limit Of Insurance shown in the Declarations for such coverage is the most we will pay in any **occurrence**, regardless of the number of contracts in which such Premises Coverage or Additional Coverage appears.

Deductible Subject to the applicable Limit Of Insurance, we will pay the amount of loss or damage in excess of the applicable deductible amount shown in the Declarations for each **occurrence**.

If two or more deductibles apply to the same **occurrence**, only the largest single deductible will apply, unless otherwise stated.

Reference Copy

Accounts Receivable, Fine Arts, Money And Securities And Valuable Papers For Life Sciences

Loss Payment Basis

Accounts Receivable

Accounts receivable loss payment will be determined as follows:

- A. when there is proof that a covered loss has occurred but you cannot accurately establish the amount of **accounts receivable** outstanding at the time of the loss, the amount of the loss will be based on your latest financial statements and will be computed as follows:
 1. determine the amount of all outstanding **accounts receivable** at the end of the same month in the year immediately preceding the year in which the loss occurred;
 2. determine your total gross sales of goods and services for the 12-month period immediately preceding the month in which the loss occurred;
 3. determine your total gross sales of goods and services for the 12-month period immediately preceding the same month in the year immediately preceding the year in which the loss occurred;
 4. calculate the percentage increase or decrease of step 2 over step 3;
 5. the total amount of **accounts receivable** as of the last day of the month in which the loss occurs will be the amount determined in step 4; and
 6. the established monthly amount of **accounts receivable** will be adjusted for the normal fluctuation in the amount of **accounts receivable** in the month in which the loss occurs;
- B. we will deduct from the established total amount of **accounts receivable**:
 1. the amount of any accounts evidenced by records not lost or damaged;
 2. any other amounts you are able to establish or collect; and
 3. an amount to allow for probable bad debts, returns, discounts and allowances which you normally would have been unable to collect;
- C. if you recover the amount of any **accounts receivable** that were included in the amount of the paid loss, you will return the recovered amount to us, up to the total amount of the paid loss. You will keep the amount of any **accounts receivable** you recover in excess of the amount of the paid loss;
- D. you shall take reasonable measures to attempt the reproduction of **accounts receivable records** in an effort to mitigate your **accounts receivable** loss.

Fine Arts

Fine arts are valued based on **market value**.

Fine Arts Of Others

Fine arts not owned by you are valued on the same basis as your **fine arts**, subject to the Pair Or Set – Fine Arts Loss Payment Basis provision, but we will not pay more than the amount for which you are contractually liable.

Money

Money is valued based on:

- the face value of United States or Canadian currency if the loss involves United States or Canadian currency; or
- the United States dollar value of a foreign currency based on the free currency rate of exchange in effect on the day any loss involving foreign currency is discovered.

Reference Copy

Loss Payment Basis

Money (continued)

If the loss occurs before the **money** has been counted and recorded by you, the value of the **money** will not exceed the amount that is reasonably estimated and satisfactory to us.

Pair Or Set – Fine Arts

In the event of loss or damage to **fine arts** that are part of a pair or set, at your option, we will either pay:

- the **market value** of the entire pair or set. You will return to us the remaining pieces;
- the cost to repair the lost or damaged pieces. You will keep the undamaged pieces. If the pair or set with the repaired pieces has a lower value than it had prior to the loss, we will also pay that difference. In no event will we pay more than the value that the pair or set had prior to the loss or damage; or
- the **market value** of the lost or damaged pieces prior to the loss or damage when the pieces cannot be found or repaired. You will keep the undamaged pieces. If the remaining pieces have a reduced value, we will pay the difference between the value of the remaining pieces prior to the loss or damage and after the loss or damage. In no event will we pay more than the value the pair or set had prior to the loss or damage.

Securities

Securities are valued based on the lesser of the following:

- the actual market value of the **securities** at the end of the last business day before the loss is discovered; or
- the actual cost of replacing the **securities** on the day loss payment is made.

Property of others that you hold as a pledge or as collateral for a loan is valued at:

- actual cash value at the time you made the loan; or
- the amount of the loan that remains unpaid at the time of loss, plus accrued interest on that amount at legal interest rates.

Valuable Papers

Valuable papers are valued based on the full cost of replacement or reproduction at the time of direct physical loss or damage when they are actually replaced or reproduced.

If **valuable papers** are not replaced or reproduced, the value is based on the cost of blank materials.

Valuable Papers Of Others

Valuable papers not owned by you are valued on the same basis as your **valuable papers**, but we will not pay more than the amount for which you are contractually liable.

Loss Payment Limitations

Electronic Data

We will not pay for loss or damage to **electronic data**, unless such direct loss or damage is caused by or results from:

- aircraft;
- earthquake, to the extent covered under this contract;

Reference Copy

Accounts Receivable, Fine Arts, Money And Securities And Valuable Papers For Life Sciences

Loss Payment Limitations

Electronic Data (continued)

- explosion;
- falling objects;
- fire;
- **flood**, to the extent covered under this contract;
- freezing;
- leakage from fire protection equipment;
- lightning;
- riot or civil commotion;
- **sinkhole collapse**;
- smoke;
- vehicles;
- weight of snow; or
- windstorm or hail.

Payment Made By Others (Money And Securities)

We will deduct from any payment we make for loss or damage to **money** or **securities** the amount you recover from:

- any contract you have with an armored vehicle company;
- insurance carried by an armored vehicle company; and
- insurance carried by others.

Conditions (Including Coverage Territory)

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Definitions

The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

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Property Insurance

Electronic Data Processing Property For Life Sciences

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Electronic Data Processing Property For Life Sciences

Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy.

Throughout this contract, the words "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

Premises Coverages

The following Premises Coverages apply only at those premises for which a Limit Of Insurance applicable to such coverages is shown in the Declarations.

Except as otherwise provided, the loss or damage must:

- be caused by or result from a **technology peril**; and
- occur at, or within 1,000 feet of, the premises shown in the Declarations.

Electronic Data Processing Property

We will pay for direct physical loss or damage to **electronic data processing property** caused by or resulting from a **technology peril**, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Property shown in the Declarations.

If you purchase additional, separate Limits Of Insurance for:

- **electronic data processing equipment;**
- **electronic data;**
- **mobile communication property; or**
- **communication property;**

then the applicable Limit Of Insurance for:

- Electronic Data Processing Equipment;
- Electronic Data;
- Mobile Communication Property; or
- Communication Property,

shown in the Declarations will apply.

Public Safety Service Charges

We will pay the charges you:

- assume under any contract or agreement; or
- are required to pay by local ordinance,

in effect at the time of the direct physical loss or damage, if a fire department or other municipal agency charged with preserving public safety is called to save or protect **electronic data processing property** from direct physical loss or damage caused by or resulting from a **technology peril**, not to exceed the applicable Limit Of Insurance for Public Safety Service Charges shown in the Declarations.

Reference Copy

Premises Coverages
(continued)

Removal

We will pay for direct physical loss or damage to **electronic data processing property** while:

- being moved to another location or returned from such location to its original location; or
- temporarily stored at another location,

if you must move the **electronic data processing property** from such location to preserve it from imminent loss or damage caused by or resulting from a **technology peril**, not to exceed the applicable Limit Of Insurance for:

- Electronic Data Processing Equipment;
- Electronic Data;
- Communication Property; or
- Electronic Data Processing Property,

shown in the Declarations.

Additional Coverages

The following Additional Coverages apply within the coverage territory.

Any Other Location

We will pay for direct physical loss or damage caused by or resulting from a **technology peril** to:

- **electronic data processing equipment;**
- **electronic data;** or
- **communication property,**

at unspecified premises, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Property shown under Any Other Location in the Declarations.

If you purchase additional, separate Limits Of Insurance for:

- **electronic data processing equipment;**
- **electronic data;** or
- **communication property,**

then the applicable Limit Of Insurance for:

- Electronic Data Processing Equipment;
- Electronic Data; or
- Communication Property,

shown under Any Other Location in the Declarations will apply.

This Additional Coverage does not apply to **electronic data processing property**:

- while at any exhibition, fair or trade show;
- at any newly acquired premises; or
- while **in transit**.

This Additional Coverage applies only if an applicable Limit Of Insurance for Electronic Data Processing Property is shown under Any Other Location in the Declarations.

Reference Copy

Electronic Data Processing Property For Life Sciences

Additional Coverages

(continued)

Exhibition, Fair Or Trade Show

We will pay for direct physical loss or damage to:

- **electronic data processing equipment;** or
- **electronic data,**

caused by or resulting from a **technology peril** while:

- **in transit** to or from any exhibition, fair or trade show; or
- at any exhibition, fair or trade show,

not to exceed the applicable Limit Of Insurance for Electronic Data Processing Property shown under Exhibition, Fair Or Trade Show in the Declarations.

If you purchase additional, separate Limits Of Insurance for:

- **electronic data processing equipment;** or
- **electronic data,**

then the applicable Limit Of Insurance for:

- Electronic Data Processing Equipment; or
- Electronic Data,

shown under Exhibition, Fair Or Trade Show in the Declarations will apply.

This Additional Coverage applies only if an applicable Limit Of Insurance for Electronic Data Processing Property is shown under Exhibition, Fair Or Trade show in the Declarations.

Fire Protection Equipment

We will pay the cost you incur to refill your discharged fire protection equipment whether or not there is direct physical loss or damage to your **electronic data processing property**.

This Additional Coverage is provided regardless of whether a Limit Of Insurance is shown in the Declarations.

In Transit

We will pay for direct physical loss or damage to:

- **electronic data processing equipment;** or
- **electronic data,**

while **in transit** caused by or resulting from a **technology peril**, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Property shown under In Transit in the Declarations.

If you purchase additional, separate Limits Of Insurance for:

- **electronic data processing equipment;** or
- **electronic data,**

then the applicable Limit Of Insurance for:

- Electronic Data Processing Equipment; or
- Electronic Data,

shown under In Transit in the Declarations will apply.

Reference Copy

Additional Coverages

In Transit (continued)

This Additional Coverage does not apply:

- to **electronic data processing property** while **in transit** to or from any exhibition, fair or trade show;
- when you are acting as a carrier for hire;
- if you have purchased separate ocean marine insurance which covers **electronic data processing property** while **in transit**; or
- to shipments by mail, unless registered.

This Additional Coverage applies only if an applicable Limit Of Insurance for Electronic Data Processing Property is shown under In Transit in the Declarations.

International Air Shipments

We will pay for direct physical loss or damage to:

- **electronic data processing equipment**; or
- **electronic data**,

caused by or resulting from a **technology peril** while being shipped by air to or from:

- the contiguous United States of America;
- Canada;
- the State of Alaska;
- the State of Hawaii;
- Puerto Rico; or
- territories or possessions of the United States of America or Canada,

and points worldwide, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Property shown under International Air Shipments in the Declarations.

If you purchase additional, separate Limits of Insurance for:

- **electronic data processing equipment**; or
- **electronic data**,

then the applicable Limit Of Insurance for:

- Electronic Data Processing Equipment; or
- Electronic Data,

shown under International Air Shipments in the Declarations will apply.

This Additional Coverage applies from the delivery of **electronic data processing equipment** or **electronic data** at the point of origin shown in the air waybill until it is discharged at the destination shown in the air waybill.

This Additional Coverage does not apply:

- to **electronic data processing property** while being shipped to or from any exhibition, fair or trade show;
- to **electronic data processing property** being shipped by mail;

Reference Copy

Electronic Data Processing Property For Life Sciences

Additional Coverages

International Air Shipments (continued)

- if you have purchased separate ocean marine insurance which covers **electronic data processing property** while being shipped by air;
- if you are required to provide a negotiable special cargo policy of insurance to any seller, buyer or bank; or
- to any loss or damage to **electronic data processing property** payable under the Additional Coverage for In Transit.

This Additional Coverage applies only if an applicable Limit Of Insurance for Electronic Data Processing Property is shown under International Air Shipments in the Declarations.

Mobile Communication Property

We will pay for direct physical loss or damage to **mobile communication property** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Mobile Communication Property shown in the Declarations.

This Additional Coverage does not apply to **mobile communication property** at, or within 1,000 feet of, the premises shown in the Declarations.

Newly Acquired Electronic Data At Newly Acquired Premises

We will pay for direct physical loss or damage to **electronic data** at newly acquired premises caused by or resulting from a **technology peril**, not to exceed the Limit Of Insurance for Electronic Data shown in the Declarations under Newly Acquired Premises or Newly Acquired or Constructed Property.

This Additional Coverage applies until the first of the following occurs:

- you report the value of the **electronic data** at the newly acquired premises to us and we add such **electronic data** to this policy;
- 180 days pass from the date you acquire the premises; or
- this policy expires.

We will charge you additional premium for the reported values from the date you acquire the premises, if we add such **electronic data** to this policy.

Newly Acquired Electronic Data Processing Equipment And Communications Property

We will pay for direct physical loss or damage to newly acquired:

- **electronic data processing equipment**; or
- **communication property**,

at:

- the premises shown in the Declarations; or
- newly acquired premises,

caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Electronic Data Processing Equipment or Communication Property shown in the Declarations under Newly Acquired Premises or Newly Acquired Or Constructed Property.

Reference Copy

Additional Coverages

Newly Acquired Electronic Data Processing Equipment And Communications Property (continued)

This Additional Coverage applies until the first of the following occurs:

- you report the value of the newly acquired **electronic data processing equipment** or **communication property** to us and we add such **electronic data processing equipment** or **communication property** to this policy;
- 180 days pass from the date you acquire the **electronic data processing equipment** or **communication property**; or

this policy expires.

We will charge you additional premium for the reported values from the date you acquire the **electronic data processing equipment** or **communication property**, if we add such **electronic data processing equipment** or **communication property** to this policy.

Preparation Of Loss Fees

We will pay the reasonable and necessary expenses we require you to incur after covered direct physical loss or damage to **electronic data processing property** to determine the extent of such loss or damage, not to exceed the applicable Limit Of Insurance for Preparation Of Loss Fees shown in the Declarations.

This Additional Coverage does not apply to any expenses you incur for any:

- insurance adjuster, consultant or attorney; or
- of your subsidiaries or affiliates.

Debris Removal Coverage

The following Debris Removal Coverage applies.

Debris Removal

We will pay for the costs you incur to remove debris of damaged **electronic data processing equipment** or **communication property** caused by or resulting from a peril not otherwise excluded that occurs during the policy period.

Debris removal will be paid only if reported to us in writing within 180 days of the date of the direct physical loss or damage to the **electronic data processing equipment** or **communication property**.

Debris removal does not apply to costs to:

- clean up or remove **contaminants** from land, water or air;
- clean up, remove, restore, or replace property because of the presence of **contaminating agents**; or
- clean up, remove, restore or replace contaminated land, water or air,

either inside or outside of a building.

This Debris Removal Additional Coverage is provided regardless of whether a Limit Of Insurance for Debris Removal is shown in the Declarations.

Reference Copy

Electronic Data Processing Property For Life Sciences

Policy Exclusions

The following Policy Exclusions apply to all the coverages in this contract:

Acts Or Decisions

This insurance does not apply to loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

This Acts Or Decisions exclusion does not apply to ensuing loss or damage caused by or resulting from a **technology peril**.

Business Errors

This insurance does not apply to loss or damage to **electronic data processing property** caused by or resulting from errors in the:

- altering;
- calibrating;
- constructing;
- developing;
- distributing;
- installing;
- manufacturing;
- maintaining;
- processing;
- repairing;
- researching; or
- testing;

of that **electronic data processing property**.

This Business Errors exclusion does not apply to:

- loss or damage that results to other covered property; or
- ensuing loss or damage caused by or resulting from a **technology peril**.

Contaminants

This insurance does not apply to loss or damage caused by or resulting from the mixture of or contact between property and a **contaminant** when such mixture or contact causes the property to be impure and harmful to:

- itself or other property;
- persons, animals or plants;
- land, water or air; or
- any other part of an environment,

either inside or outside of a building or other structure, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

Reference Copy

Policy Exclusions

Contaminants (continued)

This Contaminants exclusion does not apply to:

- A. the mixture of or contact between property and **contaminant** if the mixture or contact is directly caused by or directly results from a **specified peril**;
- B. any solid, liquid or gas used to suppress fire;
- C. **water**; or
- D. the International Air Shipments Additional Coverage.

Paragraphs B and C do not apply to loss or damage involving:

- viruses or pathogens; or
- ammonia.

Dishonesty

This insurance does not apply to loss or damage caused by or resulting from fraudulent, dishonest or criminal acts or omissions committed alone or in collusion with others by you, your partners, members, officers, managers, directors, trustees, employees, anyone performing acts coming within the scope of the usual duties of your employees, or by anyone authorized to act for you, or anyone to whom you have entrusted covered property for any purpose.

This Dishonesty exclusion does not apply to:

- A. acts of vandalism;
- B. acts committed by carriers or warehousemen for hire or anyone claiming to be a carrier or warehouseman for hire, other than:
 - 1. you, your partners, directors, trustees and employees;
 - 2. anyone performing acts coming within the scope of the usual duties of your employees; or
 - 3. anyone authorized to act for you; or
- C. ensuing loss or damage caused by or resulting from a **technology peril**.

Earthquake

This insurance does not apply to loss or damage caused by or resulting from earthquake, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Earthquake exclusion:

- applies only in the state of California, unless otherwise stated; and
- does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

Errors In Systems Programming

This insurance does not apply to loss or damage caused by or resulting from:

- A. errors or omissions in the development of, programming of, or instructions to:
 - 1. **electronic data processing property**; or
 - 2. a machine; or

Reference Copy

Electronic Data Processing Property For Life Sciences

Policy Exclusions

Errors In Systems Programming (continued)

B. **electronic data** which is faulty, inadequate or defective for the use intended at the time of loss or damage.

This Errors In Systems Programming exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

Governmental Or Military Action

This insurance does not apply to loss or damage caused by or resulting from seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental or military authority, whether de jure or de facto, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Governmental Or Military Action exclusion does not apply to loss or damage caused by or resulting from acts of destruction ordered by governmental or military authority:

- A. when taken at the time of a fire to prevent its spread, if the fire would be covered under this insurance; or
- B. if the act of destruction is made necessary by direct physical loss or damage to:
 - 1. **electronic data processing property while in transit**; or
 - 2. a conveyance in or on which **electronic data processing property while in transit** is loaded,

caused by or resulting from a **technology peril**.

Nuclear Hazard

This insurance does not apply to loss or damage caused by or resulting from nuclear reaction or radiation, or radioactive contamination, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Nuclear Hazard exclusion does not apply to ensuing loss or damage to **electronic data processing property** caused by or resulting from fire, if the fire would be covered under this insurance and there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage.

Planning, Design, Materials Or Maintenance

This insurance does not apply to loss or damage (including the costs of correcting or making good) caused by or resulting from any faulty, inadequate or defective:

- planning, zoning, development, surveying, siting;
- design, specifications, plans, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- materials used in repair, construction, renovation or remodeling; or

Reference Copy

Policy Exclusions

Planning, Design, Materials Or Maintenance (continued)

• maintenance,
of part or all of any property on or off the premises shown in the Declarations.
This Planning, Design, Materials Or Maintenance exclusion does not apply to ensuing loss or damage caused by or resulting from a **technology peril**.

Utility Supply Failure

This insurance does not apply to loss or damage caused by or resulting from suspension or reduction of:

- water services;
- electric or other power services;
- natural gas or other fuel services; or
- Internet or other communication services,

regardless of any other cause or event that:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Utility Supply Failure exclusion does not apply:

- if the suspension or reduction of such services is the direct result of direct physical loss or damage caused by or resulting from a **technology peril**; or
- to ensuing loss or damage caused by or resulting from a **specified peril**.

War And Military Action

This insurance does not apply to loss or damage caused by or resulting from:

- war, including undeclared or civil war;
- warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- insurrection, rebellion, revolution, usurped power or action taken by governmental or military authority, whether de jure or de facto, in hindering or defending against any of these,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

Wear And Tear

This insurance does not apply to loss or damage caused by or resulting from wear and tear or deterioration.

This Wear And Tear exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril** or **water**.

Reference Copy

Electronic Data Processing Property For Life Sciences

Limits Of Insurance

The most we will pay in any **occurrence** is the amount of loss or damage, not to exceed the applicable Limit Of Insurance shown in the Declarations.

If any Premises Coverage or Additional Coverage appears in more than one contract which form a part of this policy, unless otherwise specified, the applicable Limit Of Insurance shown in the Declarations for such coverages is the most we will pay in any **occurrence**, regardless of the number of contracts in which such Premises Coverage or Additional Coverage appears.

Deductible

Subject to the applicable Limit Of Insurance, we will pay the amount of loss or damage in excess of the applicable deductible amount shown in the Declarations for each **occurrence**.

If two or more deductibles apply to the same **occurrence**, only the largest single deductible will apply, unless otherwise stated.

Loss Payment Basis

The following Loss Payment Basis provisions apply to all coverages contained within this contract, unless otherwise stated.

Subject to the applicable Limit Of Insurance shown in the Declarations:

- A. covered property is valued on a replacement cost basis as described below, unless:
 - 1. the Loss Payment Basis shown in the Declarations is Actual Cash Value; or
 - 2. otherwise stated under Loss Payment Basis Exceptions; and
- B. valuation also includes, for **electronic data processing equipment or communication property**, costs you incur as described below under Ordinance or Law and Extended Warranties.

Our Loss Payment Options

In the event of loss or damage covered by this insurance, at our option we will either:

- pay the covered value of the lost or damaged covered property;
- pay the cost of repairing or replacing the lost or damaged covered property plus any reduction in value of the repaired item;
- take all or any part of the covered property at an agreed or appraised value; or
- repair or replace the covered property with other such property of comparable material and quality for the same use or occupancy.

Replacement Cost Basis

Lost or damaged covered property will be valued at the cost to repair or replace such property at the time of loss or damage, but not more than you actually spend to repair or replace such property at the same or another location for the same use or occupancy. There is no deduction for physical deterioration or depreciation.

If you replace the lost or damaged **electronic data processing property**, the valuation will include customs duties incurred.

If you do not repair or replace the covered property, we will only pay as provided under Actual Cash Value Basis.

If you commence the repair or replacement of the lost or damaged covered property within 24 months from the date of the loss or damage, we will pay you the difference between the actual cash value previously paid and the lesser of the:

- replacement cost at the time of loss or damage; or

Reference Copy

Loss Payment Basis

Replacement Cost Basis (continued)

- actual costs you incur to repair or replace.

Payment under the Replacement Cost Basis will not be made until the completion of the repairs or the replacement of the covered property.

Actual Cash Value Basis

If the Loss Payment Basis shown in the Declarations is Actual Cash Value, lost or damaged covered property will be valued at the cost to repair or replace such property at the time of loss or damage with material of like kind and quality, less allowance for each of the following:

- physical deterioration;
- physical depreciation;
- obsolescence; and
- depletion.

Ordinance Or Law

If there is an ordinance or law in effect at the time of loss or damage that regulates zoning, land use or construction of **electronic data processing equipment or communication property**, and if that ordinance or law affects the repair or replacement of the lost or damaged **electronic data processing equipment or communication property** and if you:

- A. repair or replace the **electronic data processing equipment or communication property** as soon as reasonably possible, the valuation will include:
 1. a. the replacement cost of the damaged and undamaged portions of the **electronic data processing equipment or communication property**; or
 - b. the actual cash value of the damaged and undamaged portions of the **electronic data processing equipment or communication property** (if the applicable Loss Payment Basis shown in the Declarations is Actual Cash Value);
 2. the costs to demolish and clear the site of the undamaged portion of the **electronic data processing equipment or communication property**; and
 3. the increased cost to repair or replace **electronic data processing equipment or communication property** to the same general size at the same site and for the same general use, to the minimum standards of such ordinance or law, except we will not include any costs:
 - a. incurred outside the legal property boundary of the premises shown in the Declarations;
 - b. if **electronic data processing equipment or communication property** is valued on an actual cash value basis; or
 - c. attributable to any ordinance or law that you were required to, but failed to, comply with before the loss; or
- B. do not repair or replace the **electronic data processing equipment or communication property**, the valuation will include:
 1. the actual cash value of the damaged and undamaged portions of the **electronic data processing equipment or communication property**; and
 2. the cost to demolish and clear the site of the undamaged portion of the **electronic data processing equipment or communication property**.

Reference Copy

Electronic Data Processing Property For Life Sciences

Loss Payment Basis

Ordinance Or Law (continued)

When direct physical loss or damage is caused by or results from both:

- a **technology peril**; and
- an excluded peril,

the valuation will not include the Ordinance Or Law costs attributable to the excluded peril. Instead, the valuation will be based on that portion of such costs equal to the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage, not including Ordinance Or Law costs, unless the Ordinance Or Law applies solely to that portion of the **electronic data processing equipment** or **communication property** which suffered the covered direct physical loss or damage.

This Ordinance Or Law Loss Payment Basis does not apply to:

- any increase in costs, loss or damage associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **contaminants**; or
- loss or damage caused by or resulting from fire which ensues from nuclear reaction or radiation, or radioactive contamination,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

If a maximum value for ordinance or law is shown in the Declarations, then, subject to the applicable Limit Of Insurance shown in the Declarations, such maximum value is the most we will consider under Ordinance Or Law.

Extended Warranties

Electronic data processing equipment or **communication property** valuation includes the pro rata portion of the original cost based on the period of time remaining in your nonrefundable extended warranties, maintenance contracts or service contracts that you purchased and which are no longer valid on lost or damaged **electronic data processing equipment** or **communication property** that you repair or replace.

Loss Payment Basis Exceptions

Electronic Data

Electronic data is valued on the full cost of replacement or reproduction at the time of direct physical loss or damage when the **electronic data** is actually replaced or reproduced.

If the **electronic data** is not replaced or reproduced, the value is based on the cost of replacing **blank media**.

Reference Copy

**Loss Payment Basis
Exceptions**

(continued)

Nuclear Hazard

Electronic data processing property which suffers direct physical loss or damage caused by or resulting from fire which ensues from nuclear reaction or radiation, or radioactive contamination, is valued on an actual cash value basis, subject to all other exceptions described under Loss Payment Basis Exceptions.

**Electronic Data
Processing Property Not
Owned By You**

Electronic data processing property not owned by you is valued on the same basis as your **electronic data processing property**, subject to all other exceptions described under Loss Payment Basis Exceptions, but we will not pay more than the amount for which you are contractually liable.

Labor, materials and services that you furnish or arrange on **electronic data processing property** not owned by you is valued based on the actual cost of the labor, materials and services.

**Loss Payment
Limitations**

Loss Of Market

We will not pay for any loss or damage that results from loss of market, loss of use or delay.

**Conditions (Including
Coverage Territory)**

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Definitions

The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Reference Copy

Property Insurance

Extra Expense For Life Sciences

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Extra Expense For Life Sciences

Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy.

Throughout this contract, the words "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

Premises Coverages

The following Premises Coverages apply only at those premises for which a Limit Of Insurance applicable to such coverages is shown in the Declarations.

Except as otherwise provided, direct physical loss or damage must:

- be caused by or result from a **covered peril**; and
- occur at, or within 1,000 feet of, the premises, other than a **dependent business premises**, shown in the Declarations.

Extra Expense

We will pay for the actual **extra expense** you incur due to the actual or potential impairment of your **operations** during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Extra Expense shown in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property** unless otherwise stated.

This Premises Coverage applies only at those premises:

- where you incur an **extra expense** loss; and
- for which a Limit Of Insurance for Extra Expense is shown in the Declarations.

Additional Coverages

The following Additional Coverages apply within the coverage territory.

Civil Authority

We will pay for the actual **extra expense** you incur due to the actual impairment of your **operations**, directly caused by the prohibition of access to:

- your premises; or
- a **dependent business premises**,

by a civil authority.

This prohibition of access by a civil authority must be the direct result of direct physical loss or damage to property away from such premises or such **dependent business premises** by a **covered peril**, provided such property is within:

- one mile; or
- the applicable miles shown in the Declarations,

from such premises or **dependent business premises**, whichever is greater.

The most we will pay for Civil Authority is the applicable Limit Of Insurance for Extra Expense shown in the Declarations.

Reference Copy

Additional Coverages

Civil Authority (continued)

The coverage will begin immediately after the time the civil authority prohibits access and will end:

- 30 consecutive days after the coverage begins; or
- whenever your **extra expense** is no longer required,

whichever occurs first.

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

Dependent Business Premises

We will pay for the actual **extra expense** you incur due to the actual or potential impairment of your **operations** during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Dependent Business Premises shown under Extra Expense in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property or personal property of a dependent business premises** at a **dependent business premises** shown in the Declarations.

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

Loss Of Utilities

We will pay for the actual **extra expense** you incur due to the actual or potential impairment of your **operations**, not to exceed the applicable Limit of Insurance for Loss Of Utilities shown under Extra Expense in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to:

- **building;**
- **personal property of a utility** located either inside or outside of a **building;** or
- **service property,**

excluding **overhead communication, transmission or distribution equipment**, necessary to supply your premises with:

- water supply;
- communication supply;
- power supply;
- natural gas supply;
- sewage treatment; or
- **on-line access,**

services.

We will pay such loss provided that the disruption of services:

- is not due to your failure to comply with the terms and conditions of any contract; and
- has been reported to the service provider.

Reference Copy

Extra Expense For Life Sciences

Additional Coverages

Loss Of Utilities (continued)

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

Limits Of Insurance

The most we will pay in any **occurrence** is the amount of loss, not to exceed the applicable Limit Of Insurance shown in the Declarations.

Loss Determination

In making any loss determination under this coverage, we will utilize relevant sources of information, including:

- your financial records and accounting procedures;
- bills, invoices and other vouchers;
- deeds, liens and contracts;
- written agreements evidencing grants, endowments, or other financial contributions;
- status and feasibility reports; and
- budgeting and marketing records.

Extra Expense

The amount of **extra expense** loss will be determined based on necessary expenses that exceed your normal operating expenses that would have been incurred by **operations** during the **period of restoration**, if no physical loss or damage had occurred.

We will deduct from the total of such expenses:

- the salvage value that remains of any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
- any **extra expense** that is paid for by other insurance.

Resumption Or Continuance Of Operations

If you elect not to resume or continue **operations**, we will not make any payment for **extra expense**.

Loss Payment Limitations

Contaminant Clean-up Or Removal

We will not pay for any **extra expense** caused by or resulting from the:

- clean up or removal of **contaminants** from any land, water or air, either inside or outside of a **building**; or
- testing for, monitoring, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of **contaminants**.

Reference Copy

**Loss Payment
Limitations**
(continued)

Debris Removal We will not pay for any **extra expense** you incur for the demolition or removal of debris.

Increase Of Loss Due To Death Or Injury We will not pay for any **extra expense** you incur caused by or resulting from any injury, sickness, disease, death, emotional injury, emotional distress or humiliation of any person.

Increase Of Loss Due To Strikers Or Others Causing A Delay We will not pay for any increase of loss caused by or resulting from delay in repairing or replacing property or resuming your **operations**, due to interference at the location of the repair, replacement or **operations** by strikers or other persons.

Loss Or Damage To Electronic Data We will not pay for any **extra expense** you incur caused by or resulting from direct physical loss or damage to **electronic data**, unless such direct physical loss or damage is caused by or results from:

- aircraft;
- explosion;
- earthquake, (except California) to the extent covered under the Electronic Data Processing Property contract which is part of this policy;
- falling objects;
- fire;
- **flood**, to the extent covered under the Electronic Data Processing Property contract which is part of this policy;
- freezing;
- leakage from fire protection equipment;
- lightning;
- riot or civil commotion;
- **sinkhole collapse**;
- smoke;
- vehicles;
- weight of snow; or
- windstorm or hail.

Reference Copy

Extra Expense For Life Sciences

Loss Payment Limitations

(continued)

Loss Or Damage To Property Used To Provide Utility Services

Except as provided for in the Loss Of Utilities Additional Coverage, we will not pay for any **extra expense** caused by or resulting from loss or damage to:

- **building;**
- **personal property of a utility** located either inside or outside of a **building;** or
- **service property,**

used by you or a utility or provide you with utility services.

Loss Or Damage To Water

We will not pay for any **extra expense** you incur for loss or damage to water.

Nuclear Hazard

We will not pay for any **extra expense** you incur for loss or damage to **building** or **personal property** caused by or resulting from fire which ensues from nuclear reaction or radiation, or radioactive contamination.

Conditions (Including Coverage Territory)

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Definitions

The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

Reference Copy

Property Insurance

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

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Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Property/Business Income Conditions And Definitions form included in this policy.

Throughout this contract, the words "you" and "your" refer to the Named Insured shown in the Declarations of this policy. The words "we," "us" and "our" refer to the company providing this insurance.

Premises Coverages

The following Premises Coverages apply only at those premises for which a Limit Of Insurance applicable to such coverages is shown in the Declarations.

Except as otherwise provided, direct physical loss or damage must:

- be caused by or result from a **covered peril**; and
- occur at, or within 1,000 feet of, the premises, other than a **dependent business premises**, shown in the Declarations.

Business Income And Extra Expense

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income With Extra Expense And Research And Development Income shown in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **property**, unless otherwise stated.

This Premises Coverage applies only at those premises:

- where you incur a **business income** loss or **extra expense**; and
- for which a Limit Of Insurance for Business Income With Extra Expense And Research And Development Income is shown in the Declarations.

Contractual Penalties

We will pay for the contractual penalties you are legally liable to pay under the written provisions of a contract due to a material breach of that contract, not to exceed the applicable Limit Of Insurance for Contractual Penalties shown under Business Income in the Declarations.

This material breach of contract must be the direct result of direct physical loss or damage by a **covered peril** to **property**.

Ingress And Egress

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and

Reference Copy

Premises Coverages

Ingress And Egress (continued)

• **extra expense** you incur due to the actual or potential impairment of your **operations**, when existing ingress to or egress from a premises shown in the Declarations is prevented due to direct physical loss or damage by a **covered peril** to property at a location contiguous to such premises.

This Premises Coverage will begin at the time of direct physical loss or damage and will continue until the expiration of thirty (30) consecutive days thereafter or whenever your **business income** coverage ends, whichever occurs first.

This Premises Coverage does not apply if the:

- direct physical loss or damage is caused by or results from earthquake or **flood**; or
- ingress to or egress from your premises is prohibited by civil authority.

The most we will pay for this Premises Coverage is the **Limit Of Insurance** for Ingress And Egress shown under Business Income in the Declarations.

Newly Acquired Research And Development Income

We will pay for the actual **business income** loss you incur due to the loss of **research and development income** acquired pursuant to any written agreement executed after the inception of this policy, which results from the actual impairment of your **research and development operations** during the **period of restoration**. This actual impairment of **research and development operations** must be caused by or result from direct physical loss or damage by a **covered peril** to property.

This Premises Coverage:

- A. applies only at those premises:
 1. where you incur a **research and development income** loss; and
 2. for which a **Limit Of Insurance** for Business Income With Extra Expense And Research And Development Income is shown in the Declarations;
- B. is subject to the applicable **Limit Of Insurance** for Newly Acquired Research and Development Income shown under Business Income in the Declarations; and
- C. applies until the first of the following occurs:
 1. you notify us of how you want Business Income coverage to apply to newly acquired **research and development income** for your **research and development operations** at the premises shown in the Declarations, and we agree to provide such coverage;
 2. 90 days pass from the date the written agreement is executed; or
 3. this policy expires.

If we agree to provide such coverage, we will charge you additional premium from the date you executed the agreement. Such additional premium will be based on:

- the current worksheet you provide; and
- the modification in the **Limits Of Insurance** you request.

New Product Delay

We will pay for the actual **business income** loss you incur and discover after lost or damaged **property** directly related to your **research and development operations** is repaired or replaced and your **research and development operations** are restored, with reasonable speed to the condition that would have existed if no direct physical loss or damage occurred.

Reference Copy

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Premises Coverages

New Product Delay (continued)

Such payment will be made:

- only if you discover the **business income** loss within 24 months after the date of the direct physical loss or damage;
- only after the new product or the enhanced product is made available in the market-place; and
- for the period equal to the length of time it originally took to restore such lost or damaged **property** with reasonable speed.

If a competitor introduces a similar product prior to the date you scheduled the introduction of your new or enhanced product, we will reduce the amount of such actual **business income** loss to the extent attributable to the competitor's product.

The **business income** loss must be caused by or result from direct physical loss or damage by a **covered peril to property**, and must result in a delay in the introduction of any new product or the enhancement of any existing product.

The most we will pay for New Product Delay is the applicable Limit Of Insurance for Business Income With Extra Expense And Research And Development Income shown in the Declarations.

Additional Coverages

The following Additional Coverages apply within the coverage territory.

Any Other Location

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown under Any Other Location in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property** at unspecified premises.

This Additional Coverage does not apply to **business income** loss or **extra expense** you incur caused by or resulting from loss or damage to property:

- used by utility companies to supply you with services;
- used by **on-line access** providers;
- at a **dependent business premises**;
- at a newly acquired premises;
- at any exhibition, fair or trade show; or
- **in transit**.

This Additional Coverage applies only if a Limit Of Insurance for Business Income is shown under Any Other Location in the Declarations.

Reference Copy

Additional Coverages

(continued)

Civil Authority

We will pay for the actual:

- **business income** loss; or
- **extra expense**,

you incur due to the actual impairment of your **operations**, directly caused by the prohibition of access to:

- your premises; or
- a **dependent business premises**,

by a civil authority.

This prohibition of access by a civil authority must be the direct result of direct physical loss or damage to property away from such premises or such **dependent business premises** by a **covered peril**, provided such property is within:

- one mile; or
- the applicable miles shown in the Declarations,

from such premises or **dependent business premises**, whichever is greater.

The most we will pay for Civil Authority is the applicable Limit Of Insurance for Business Income With Extra Expense And Research And Development Income shown in the Declarations.

The coverage for:

A. **business income** will begin:

1. after the applicable waiting period shown in the Declarations for Business Income expires; or
2. 24 normal business hours following the time the civil authority prohibits access, whichever is the longer.

The Waiting Period shown in the Declarations will begin immediately following the time the civil authority prohibits access.

The coverage will apply for a period of:

- up to 30 consecutive days after coverage begins; or
- when your **business income** loss ends,

whichever occurs first; and

B. **extra expense** will begin immediately after the time the civil authority prohibits access and will end:

1. 30 consecutive days after the coverage begins; or
2. whenever your **business income** coverage ends, whichever is later.

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

Reference Copy

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Additional Coverages (continued)

Condemnation Of Undamaged Stock

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Condemnation Of Undamaged Stock shown in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from the consequential loss to undamaged **stock** provided such **stock**:

- has been condemned; or
- is the subject of a written request that it be withheld from the market,

by a governmental authority because of direct physical loss or damage to **stock** at a premises shown in the Declarations caused by or resulting from a **covered peril**.

Contaminant Clean-up Or Removal

We will pay for the actual **business income** loss you incur due to the actual impairment of your **operations** during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Contaminant Clean-up Or Removal shown under Business Income in the Declarations.

This actual impairment of **operations** must be caused by or result from the enforcement of any ordinance or law that requires you to clean up or remove **contaminants** from land, water or air, either inside or outside of a **building**, as a result of direct physical loss or damage by a **covered peril to property** at the premises shown in the Declarations.

Dependent Business Premises

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Dependent Business Premises shown under Business Income in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property** or **personal property of a dependent business premises** at a **dependent business premises**.

You may purchase higher limits for specific **dependent business premises** only by showing such premises in the Declarations. Such higher limits apply to actual **business income** loss or **extra expense** only if the covered direct physical loss or damage occurs at such **dependent business premises**.

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

Reference Copy

Additional Coverages

(continued)

Exhibition, Fair Or Trade Show

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown under Exhibition, Fair or Trade Show in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **personal property**, **electronic data processing property** or **fine arts** at, or while **in transit** to or from, any exhibition, fair or trade show.

This Additional Coverage applies only if a Limit Of Insurance for Business Income is shown under Exhibition, Fair or Trade Show in the Declarations.

International Air Shipments

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown under International Air Shipments in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **personal property**, **electronic data processing property**, **fine arts** or **valuable papers** being shipped by air to or from:

- the contiguous United States of America;
- Canada;
- the State of Alaska;
- the State of Hawaii;
- Puerto Rico; or
- territories or possessions of the United States of America or Canada,

and points worldwide. This Additional Coverage applies from the delivery of such property at the point of origin shown in the air waybill until it is discharged at the destination shown in the air waybill.

This Additional Coverage does not apply to any **business income** loss or **extra expense**:

- caused by or resulting from loss or damage to any property while being shipped by air to or from any exhibition, fair or trade show;
- caused by or resulting from loss or damage to shipments by mail;
- if you have purchased separate ocean marine insurance that covers any property while being shipped by air;
- if you are required to provide a negotiable special cargo policy of insurance to any seller, buyer or bank; or

Reference Copy

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Additional Coverages

International Air Shipments (continued)

• payable under the In Transit Additional Coverage.

This Additional Coverage applies only if a Limit Of Insurance for Business Income is shown under International Air Shipments in the Declarations.

In Transit

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown under In Transit in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to **personal property, electronic data processing property, fine arts or valuable papers** while **in transit**.

This Additional Coverage does not apply to any **business income** loss or **extra expense**:

- caused by or resulting from loss or damage to any property while **in transit** to or from any exhibition, fair or trade show;
- when you are acting as a carrier for hire;
- if you have purchased separate ocean marine insurance which covers any property while **in transit**;
- caused by or resulting from loss or damage to shipments by mail, unless registered; or
- payable under the International Air Shipments Additional Coverage.

This Additional Coverage applies only if a Limit Of Insurance for Business Income is shown under In Transit in the Declarations.

Loss Of Utilities

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Loss Of Utilities shown under Business Income in the Declarations.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril** to:

- **building**;
- **personal property of a utility** located either inside or outside of a **building**; or
- **service property**,

excluding **overhead communication, transmission or distribution equipment**, necessary to supply your premises with:

- water supply;

Reference Copy

Additional Coverages

Loss Of Utilities (continued)

- communication supply;
 - power supply;
 - natural gas supply;
 - sewage treatment; or
 - **on-line access,**
- services.

We will pay such loss provided that the disruption of services:

- is not due to your failure to comply with the terms and conditions of any contract; and
- has been reported to the service provider.

We will not pay for the actual **business income** loss you incur until the:

- applicable waiting period shown in the Declarations for Business Income expires;
 - applicable waiting period shown in the Declarations for Loss Of Utilities expires; or
 - first 24 normal business hours following the direct physical loss or damage expires,
- whichever is the longer.

This Additional Coverage does not apply if the direct physical loss or damage is caused by or results from earthquake or **flood**.

Newly Acquired Premises

We will pay for the actual:

- **business income** loss you incur due to the actual impairment of your **operations**; and
- **extra expense** you incur due to the actual or potential impairment of your **operations**,

during the **period of restoration**, not to exceed the applicable Limit Of Insurance for Business Income shown in the Declarations under Newly Acquired Premises.

This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a **covered peril to property** at each newly acquired premises. This Additional Coverage applies until the first of the following occurs:

- you notify us of how you want Business Income With Extra Expense to apply to the newly acquired premises and we add such premises to this policy;
- 180 days pass from the date you acquire the premises; or
- this policy expires.

We will charge you additional premium from the date you acquire the premises, if we add such premises to this policy.

Reference Copy

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Additional Coverages (continued)

Preparation Of Loss Fees

We will pay the reasonable and necessary expenses and fees incurred following covered loss or damage to certify your **business income** loss or **extra expense**, not to exceed the applicable Limit Of Insurance for Preparation Of Loss Fees shown under Business Income in the Declarations.

This Additional Coverage does not apply to any expenses you incur for any:

- insurance adjuster, consultant or attorney; or
- of your subsidiaries or affiliates.

Limits Of Insurance

The most we will pay in any **occurrence** is the amount of loss, not to exceed the applicable Limit Of Insurance shown in the Declarations.

Automatic Increase In Limits

The Limits Of Insurance for Business Income With Extra Expense And Research And Development Income will automatically increase by the annual percentage shown in the Declarations under Automatic Increase In Limits. At the time of loss or damage, the amount of increase will be determined by multiplying the applicable Limit Of Insurance shown in the Declarations by the percentage of the annual increase, applied on a pro rata basis.

This Automatic Increase In Limits:

- applies only to a premises shown in the Declarations for which the Automatic Increase in Limits is shown; and
- does not apply to any Limit Of Insurance applicable to more than one premises.

Waiting Period

Subject to the applicable Limit Of Insurance, we will pay the amount of **business income** loss that is incurred after the waiting period shown in the Declarations for each **occurrence**.

If a waiting period is shown in the Declarations, the waiting period begins immediately following the time of the covered direct physical loss or damage.

If two or more Business Income waiting periods apply to the same **occurrence**, only the largest single waiting period will apply, unless otherwise stated.

Hours shown for the waiting period are the normal business hours.

The waiting period does not apply to **extra expense**.

Loss Determination

In making any loss determination under this coverage, we may utilize relevant sources of information, including:

- your financial records and accounting procedures;
- bills, invoices and other vouchers;
- deeds, liens and contracts;
- written agreements evidencing grants, endowments or other financial contributions;

Reference Copy

Loss Determination
(continued)

- status and feasibility reports; and
- budgeting and marketing records.

Business Income

The amount of **business income** loss will be determined based on the:

- net income of your business before the direct physical loss or damage occurred;
- the likely net income of your business if no loss or damage occurred, but not including any **business income** that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the covered loss on customers or on other businesses; and
- your continuing operating expenses, including your continuing normal payroll expenses, necessary to resume **operations** with the same quality of service that existed just before the direct physical loss or damage.

Extra Expense

The amount of **extra expense** loss will be determined based on necessary expenses that:

- exceed your normal operating expenses that would have been incurred by **operations** during the **period of restoration**, if no physical loss or damage had occurred; and
- reduce the **business income** loss that otherwise would have been incurred.

We will deduct from the total of such expenses:

- the salvage value that remains on any property bought for temporary use during the **period of restoration**, once **operations** are resumed; and
- any **extra expense** that is paid for by other insurance.

**Resumption Or
Continuance Of
Operations**

We will reduce the amount of any **business income** loss payment to the extent you can resume or continue your **operations**, in whole or in part, by using:

- damaged or undamaged property, including **merchandise** or **stock**; or
- any other available premises.

If you elect not to resume or continue **operations**:

- any loss determination for **business income** will be based on the length of time it would have taken to resume or continue **operations** with reasonable speed; and
- we will not make any payment for **extra expense**.

**Duration Of Loss –
Research And
Development Income**

Subject to all other terms and conditions of this contract, a **research and development income** loss begins on the date that covered direct physical loss or damage occurs, but not before the effective date shown in the Declarations.

A **research and development income** loss ends when the first of the following occurs:

- the **period of restoration** ends;
- twelve months pass from the date of physical restoration of the lost or damaged **property**; or
- twelve months pass from the date that physical restoration of the lost or damaged **property** would have occurred with reasonable speed.

Reference Copy

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Loss Payment Option The following Loss Payment Option applies when a Monthly Limit of Indemnity under Business Income is shown in the Declarations:

Monthly Limit Of Indemnity

The most we will pay for the actual **business income** loss incurred in each period of 30 consecutive days after the beginning of the **period of restoration** will be determined by multiplying the Limit Of Insurance for Business Income With Extra Expense And Research And Development Income by the Monthly Limit Of Indemnity shown in the Declarations.

If all of the amount determined by this calculation is not used in the 30 day period, the unused portion may be applied to any subsequent 30 day periods.

This Monthly Limit Of Indemnity applies only for **business income** loss, not **extra expense**.

Loss Payment Limitations

Contaminant Clean-up Or Removal

We will not pay for any **extra expense** you incur for:

- clean up or removal of **contaminants** from land, water or air, either inside or outside of a **building**; or
- testing for, monitoring, containing, treating, detoxifying or neutralizing, or in any way responding to or assessing the effects of **contaminants**,

but we will pay for such **extra expense** you incur to the extent it reduces the amount of a covered **business income** loss that otherwise would have been payable under this contract.

Debris Removal

We will not pay for any **extra expense** you incur for the demolition or removal of debris, but we will pay for such **extra expense** you incur to the extent it reduces the amount of a covered **business income** loss that otherwise would have been payable under this contract.

Financing Transactions

We will not pay for any loss involving:

- public offerings of stock, bonds or other **securities**;
- loans, lines of credit or other commercial financing transactions; or
- bank interest.

Increase Of Loss Due To Death Or Injury

We will not pay for any **business income** loss or **extra expense** caused by or resulting from any injury, sickness, disease, death, emotional injury, emotional distress or humiliation of any person.

Increase Of Loss Due To Strikers Or Others Causing A Delay

We will not pay for any increase of loss caused by or resulting from delay in repairing or replacing property or resuming your **operations**, due to interference at the location of the repair, replacement or **operations** by strikers or other persons.

Reference Copy

**Loss Payment
Limitations**
(continued)

**Loss Or Damage To
Electronic Data**

We will not pay for any **business income** loss or **extra expense** you incur caused by or resulting from direct physical loss or damage to **electronic data**, unless such direct physical loss or damage is caused by or results from:

- aircraft;
- explosion;
- earthquake, (except California) to the extent covered under the Electronic Data Processing Property contract which is part of this policy;
- falling objects;
- fire;
- **flood**, to the extent covered under the Electronic Data Processing Property contract which is part of this policy;
- freezing;
- leakage from fire protection equipment;
- lightning;
- riot or civil commotion;
- **sinkhole collapse**;
- smoke;
- vehicles;
- weight of snow; or
- windstorm or hail.

**Loss Or Damage To
Finished Stock Or
Scientific Animals Held
For Sale**

We will not pay for that part of any **business income** loss to:

- **finished stock**; or
- **scientific animals** held for sale.

**Loss Or Damage To
Property Used To
Provide Utility Services**

Except as provided for in the Loss of Utilities Additional Coverage, we will not pay for any **business income** loss or **extra expense** caused by or resulting from loss or damage to:

- **building**;
- **personal property of a utility** located either inside or outside of a **building**; or
- **service property**,

used by you or a utility to provide you with utility services.

**Loss Or Damage To
Water**

We will not pay for any **business income** loss or **extra expense** you incur for loss or damage to water.

Reference Copy

Business Income With Extra Expense And Research And Development Income Coverage For Life Sciences

Loss Payment Limitations (continued)

Nuclear Hazard

We will not pay for any **business income** loss or **extra expense** you incur for loss or damage to **building** or **personal property** caused by or resulting from fire which ensues from nuclear reaction or radiation, or radioactive contamination.

Conditions (Including Coverage Territory)

The conditions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy. Any additional conditions are shown in the Additional Condition section of this contract.

Additional Conditions

Business Income Coinsurance

Coinsurance applies to **business income** only when a coinsurance percentage under Business Income With Extra Expense is shown in the Declarations.

Coinsurance does not apply to:

- A. **extra expense;**
- B. any covered loss of \$100,000 or less;
- C. Contractual Penalties;
- D. Ingress And Egress;
- E. Newly Acquired Research and Development Income;
- F. New Product Delay; and
- G. the following Additional Coverages:
 - 1. Any Other Location;
 - 2. Contaminant Clean-up Or Removal;
 - 3. Dependent Business Premises when a Limit Of Insurance for a specific Dependent Business Premises has not been purchased;
 - 4. Exhibition, Fair Or Trade Show;
 - 5. International Air Shipments;
 - 6. In Transit;
 - 7. Loss Of Utilities;
 - 8. Newly Acquired Premises; and
 - 9. Preparation of Loss Fees.

Reference Copy

**Business Income With Extra Expense And
Research And Development Income Coverage
For Life Sciences**

Additional Conditions
(continued)

Payment Intervals At our option, we will make loss payments in the intervals called for in the written agreements evidencing grants, endowments or other financial contributions.

Research And Development Income Recovery If we make a loss payment pursuant to this contract and you subsequently receive payment from a third party for the **research and development operations** for which we made such payment, you will reimburse us for the amount of our payment.

Definitions The definitions applicable to this contract are contained in the Property/Business Income Conditions And Definitions form included in this policy.

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Property Insurance

Building And Personal Property For Life Sciences

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